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Re-embedding global agriculture: The international organic and fair trade movements

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Abstract. The international organic agriculture and fair trade movements represent important challenges to the ecologically and socially destructive relations that characterize the global agro-food system. Both movements critique conventional agricultural production and consumption patterns and seek to create a more sustainable world agro-food system. The international organic movement focuses on re-embedding crop and livestock production in "natural processes," encouraging trade in agricultural commodities produced under certified organic conditions and processed goods derived from these commodities. For its part, the fair trade movement fosters the re-embedding of international commodity production and distribution in "equitable social relations," developing a more stable and advantageous system of trade for agricultural and non-agricultural goods produced under favorable social and environmental conditions. The international market for both organic and fair trade products has grown impressively in recent years. Yet the success of these movements is perhaps better judged by their ability to challenge the abstract capitalist relations that fuel exploitation in the global agro-food system. While the organic movement currently goes further in revealing the ecological conditions of production and the fair trade movement goes further in revealing the social conditions of production, there are signs that the two movements are forging a common ground in defining minimum social and environmental requirements. I argue from a theoretical and empirical basis that what makes fair trade a more effective oppositional movement is its focus on the relations of agro-food trade and distribution. By demystifying global relations of exchange and challenging market competitiveness based solely on price, the fair trade movement creates a progressive opening for bridging the widening North/South divide and for wresting control of the agro-food system away from oligopolistic transnational corporations infamous for their socially and environmentally destructive business practices.

Key words: Alternative agriculture, Consumer movements, Fair trade, Global restructuring, Organic agriculture

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Introduction

The international organic agriculture and fair trade movements represent important challenges to the ecologically and socially destructive relations that characterize the global agro-food system. Both movements critique conventional agricultural production and consumption patterns and seek to create a more sustainable world agro-food system. The international organic movement focuses on re-embedding crop and livestock production in "natural processes," encouraging trade in agricultural commodities produced under certified organic conditions and processed goods derived from these commodities. For its part, the fair trade movement fosters the re-embedding of international commodity production and distribution in "equitable social relations," developing a more stable and advantageous system of trade for agricultural and non-agricultural goods produced under favorable social and environmental conditions.

Though the international trade in organic and fair trade products represents a relatively minor share of the global market, this trade is growing rapidly, creating important new North-South linkages. The world market for organic products is worth over 10 billion dollars, with sales growing at over 20 percent per year in many countries (Kortbech-Olesen, 1998). Imports from countries of the South account for a critical share of organic sales in major Northern markets and are valued at about 500 million dollars per year (Blowfield

et al., 1999). Recently introduced fair trade initiatives linking producers in the South with consumers in the North have in just a few years acquired an annual market value of 400 million dollars (Fair Trade Federation, 1999). The world market for fair trade products is expanding at 10 to 25 percent a year with about 60 percent of sales coming from a small number of food products (EFTA, 1998).

The fact that the international organic and fair trade movements have successfully created new niche markets for alternative products is no small feat. Yet I suggest that their true significance lies not in their market share (which will presumably always be relatively small), but in the challenge they raise to the abstract capitalist relations that fuel exploitation in the agro-food system. Both initiatives critique the subordination of agriculture and food to capitalist market principles that devalue, and thus encourage the degradation of, environmental and human resources, particularly in countries of the South. The international organic and fair trade movements seek to reveal more fully the conditions of production and require that Northern consumers shoulder a greater share of true production costs. The organic movement currently goes further in specifying the ecological conditions and costs of production; the fair trade movement, in turn, goes further in detailing the social conditions and costs of production.

Though commendable, acknowledging the production conditions of an internationally traded commodity informs us of only a portion of the relations embodied in an item found on our supermarket shelves. Where organic certification is silent about conditions beyond the point of production, fair trade initiatives seek to make transparent the relations under which commodities are exchanged. By demystifying global trade and creating more equitable relations of exchange, the fair trade movement goes further in challenging market competition based solely on price.[1] I argue that, for theoretical and empirical reasons, this social re-embedding of exchange as well as production relations is essential for countering destructive practices in the current global agro-food system.

Background

Ongoing processes of globalization, industrialization, and market liberalization are fueling social injustice and environmental destruction around the world. Yet these forces are also giving rise to important new movements striving to create a more socially and ecologically sustainable society (Beck et al., 1994). Given the recent erosion in national production and trade regulatory capacity, many of these initiatives are oriented toward new local and global political spaces opening up above and below the nation-state (Tickell and Peck, 1995). People in both the North and the South are challenging conventional global production and trading practices, calling for the tightening of social and ecological bonds of global/local interdependence.

In recent years there has been a striking growth in a range of "alternative trade" initiatives that question existing global circuits of conventional commodities and promote some form of alternative trade in goods and services produced under more socially and/or environmentally responsible conditions (Brown, 1993). The fair trade and international organic movements represent the most powerful alternative trade initiatives in agriculture. Kindred movements such as eco-labeling efforts in forest or marine products by the Forest Stewardship Council and the Marine Stewardship Council or social labeling in textiles and apparel by the Clean Clothes Campaign or Rugmark would also fall under the rubric of alternative trade.[2] These efforts vary in their sectoral bases, areas of primary concern and breadth of concerns, strategies for bringing about change, and non-governmental organization, industry, and government involvement. All the same, alternative trade initiatives share some important common ground.

The overall goal of alternative trade is to counter the organization of production and trade around abstract market principles that devalue and exploit disadvantaged peoples and the environment, particularly in poorer regions of the South. Alternative trade initiatives seek to re-embed commodity circuits within ecological and social relations, thus challenging the dominance of conventional price relations in guiding production and trade conditions. In their effort to reveal the relations shrouded by the commodity form and counter the discipline imposed by the capitalist market, alternative trade pursues a project that is consistent in many ways with Marxist and Ecological Marxist approaches (O'Connor, 1998).

In less radical terms, alternative trade can be seen as a labeling project where consumers are given information about the social and environmental conditions under which commodities are produced and then asked to pay to support more sustainable production and trade. Voluntary labeling is being promoted by consumer groups, corporations, governments, and even the World Bank as a vehicle for broadening consumer choice and giving producers a market incentive to improve their social and environmental performance (Dudley et al., 1997). Labeling is seen as a forceful approach in the agro-food sector given mounting consumer concern over the safety and healthiness of food as well as the ecological implications of conventional industrial agriculture. Since food has such high sym-

bolic content, the differentiation of labeled products is seen as central to consumers' pursuit of self expression (Zadek et al., 1998).

The alternative trade movement's strategy of operating "in and against the market," questioning the market devaluation of people and nature and yet doing so through market channels, appears both powerful and contradictory. As a market based movement, alternative trade in agriculture faces many of the pitfalls of other consumer movements. There is clearly a risk that alternative trade will lose its progressive thrust if the purchasing practices of self-interested wealthy consumers are permitted to guide the movement, undermining its democratic basis and re-enforcing the traditional subordination of Southern producers to the dictates of Northern consumers (Cenival, 1998). There is also a risk that the space that exists for alternative trade will be subverted by profit seeking corporations. Research suggests that many corporations are trying to bolster their legitimacy by adopting the rhetoric of environmental and/or social responsibility, though typically this proves to be little more than a corporate face lift (Bonanno and Constance, 1996; Lawrence et al., 1998; Murray and Raynolds, 2000). Where progressive movements have created viable niche markets for alternative products, large corporations may capture the most lucrative share, threatening the sector's progressive social and environmental foundations (Buck et al., 1997).

To avoid being absorbed by corporations and their conventional trade practices, I argue that alternative trade movements must build new and tighter links between Southern producers and Northern consumers. As Polanyi (1957) demonstrates, while economic products and transactions are socially derived, conventional market rules dis-embed commodities and trade from their true origins. If alternative products enter existing market circuits, their environmental and social qualities become subordinated to their price, as occurs with other commodities. Friedmann (1993) suggests that the way to counter this market discipline is to reduce the huge social distance that currently exists between producers and consumers. Re-embedding agro-food production in natural and social processes thus appears to require the creation of new consumer/producer links as well as alternative products.[3] Building new, more reciprocal, North/South agro-food networks that can guide flows of information and capital, as well as products, represents a central challenge for alternative trade movements.

The international organic agriculture and fair trade movements

The international organic agriculture and fair trade movements represent critical strands of alternative trade that have as their common goal the critique of conventional production and consumption patterns and the creation of a more sustainable world agro-food system. These initiatives originate in countries of the North and are fueled by mounting concern that our modern state and corporate institutions are unable to guarantee the socially and environmentally sound production of consumer goods.[4] The organic and fair trade movements are each buttressed by a strong transnational non-governmental organization (NGO) that is independent of major production interests and links Southern producers to Northern consumers via commodity certification.[5] Both movements have created alternative markets for labeled products that simultaneously parallel and challenge the conventional agro-food system. Since these labeling efforts are strictly voluntary and do not discriminate by country of origin, they are not considered by the World Trade Organization (WTO) to be barriers to trade violating international free trade agreements (see Zadek et al., 1998). Products that have met a set of standard production and/or trade criteria can be labeled as organic and/or fair trade, with compliance verified by a third party. Though organic and fair trade certification systems operate independently, particular products can (and many are) certified as being both organic and fairly traded.

The organization and standards of international organic agriculture

Tracing its origins back at least 40 years, the international organic agriculture movement grows out of diverse initiatives in the United States, Europe, and other countries of the North that criticize the unsustainable character of industrial agriculture and the unhealthy nature of agro-industrial foods. These initiatives seek to create a healthier and more sustainable agro-food system by re-embedding crop and livestock production in "organic" or "ecological" processes. While there is no one definition of organic agriculture, there is general agreement that this represents a system of farm management based on natural methods of enhancing soil fertility and resisting disease, rejection of synthetic fertilizers and pesticides, and minimization of damage to the environment and wildlife. Over the years the basic tenets of organic agriculture have been solidified by national regulations that define minimum "organic" standards in major markets like the United States and Europe.[6]

Table 1. Organic and fair trade standards.

	Organic	Fair Trade
Certification and monitoring	There is a 12 month conversion period; the initial inspection is followed by annual visits by independent monitors overseen by accredited certifying organizations; certification costs are born by producers.	Acceptance process takes about 6 months; the initial site visit is followed by annual visits by independent monitors overseen by FLO; yearly reports on social and environmental conditions and the use of the fair trade premium are required; certification costs are born by buyers.
Type of producers	Unspecified.	Requirement that producers be democratically organized associations of small growers or plantations where workers are fully represented by independent democratic groups.
Agro-ecological conditions	Requirement that planting material be chemically untreated and not genetically engineered; the basis of fertilization must be organic. Use of synthetic herbicides, fungicides, and pesticides is prohibited (with a few exceptions). Land clearing by burning must be regulated.	Requirement that attempts be made to protect forests and wildlife habitat, prevent erosion and water pollution, reduce chemical fertilizer and synthetic pesticide use, and compost wastes. Use of herbicides and some specified pesticides prohibited.
Labor conditions	Requirement that attempts be made to insure social justice, protection of indigenous rights, adequate wages, and upholding of basic human rights.	Requirement that uphold ILO conventions, including: rights to association and collective bargaining; freedom from discrimination and unequal pay; no forced or child labor; minimum social and labor conditions; and rights to safe and healthy working conditions.
Producer prices and credit	Unspecified.	Guaranteed minimum above the world price (includes premium for social or environmental reinvestment) which moves up with the market. Stipulated bonus for organics. Credit advances of 60% of harvest value on request.
Trade relations	Unspecified.	Must be as direct as possible and aimed at long-term trading relations.
Logos	Certifying organizations apply own labels that align with certification requirements in major EU and US markets.	Carry national fair trade label: Max Havelaar, TransFair, or Fairtrade Mark.

The International Federation of Organic Agriculture Movements (IFOAM), which was founded in Germany in 1972, has further consolidated an international organic industry standard. IFOAM is a powerful advocacy group promoting "a holistic approach to the development of organic farming systems including maintenance of a sustainable environment and respect for the needs of humanity" (IFOAM, 1999). The federation has over 600 member organizations in 100 countries, including organic producers, processors, and distributors. IFOAM has established a set of detailed agro-ecological requirements that must be satisfied for products to be certified as organic.[7] As noted in Table 1, planting material must be chemically untreated and free of genetically modified organisms; soil building must be based on natural processes; synthetic herbicides, fungicides, and pesticides are largely prohibited; and land clearing by burning must be regulated. After much controversy, IFOAM has just recently added standards that stipulate that producers must uphold basic human rights and labor conditions.[8] IFOAM certification requires a conversion period of at least a year and involves an initial inspection of the farm enterprise, followed by annual inspections by

independent monitors. Products are followed through the entire "chain of custody"; a consumer good qualifies as organic if 95 percent of its content is certified organic. Rather than certifying products directly, IFOAM has accredited 12 certifying organizations.[9] Certification costs are born by producers.

The organization and standards of fair trade

The fair trade movement has grown out of a variety of 1960s European initiatives that sought to foster more equitable North/South links using a strategy of "trade not aid." The fair trade movement criticizes the injustices inherent in the world economy and tries to transform North/South trade from a vehicle of exploitation to one of sustainable development. Alternative trade organizations imported fair trade products that were sold to socially conscious consumers in Third World shops throughout Europe.[10] By building new consumer/producer solidarity links, fair trade seeks to re-embed the production and marketing of major agricultural and non-agricultural exports from countries of the South in more equitable social relations. As described by one major fair trade group, the central goal of fair trade is to "change international commercial relations in such a way that disadvantaged producers can increase their control over their own future, have a fair and just return for their work, continuity of income and decent working and living conditions through sustainable development" (Fairtrade Foundation, 1999).

In the late 1980s, European alternative trade organizations began labeling fair trade products to facilitate their entry into conventional markets. Three fair trade labels, TransFair, Max Havelaar, and Fairtrade Mark, were successfully introduced in different parts of Europe. In 1997 these labeling efforts were united under the umbrella NGO, Fairtrade Labelling Organizations International (FLO), which was charged with harmonizing the somewhat different fair trade standards and creating a single fair trade market. FLO currently represents 14 European member countries (6 Max Havelaar affiliates, 4 Fairtrade Mark affiliates, and 4 TransFair affiliates) as well as fledgling TransFair organizations striving to foster fair trade in the United States, Canada, and Japan (FLO, 1999).[11]

FLO has established common fair trade principles and procedures and specific certification requirements for coffee, bananas, tea, cocoa, sugar, honey, and orange juice.[12] To date these NGO-based standards have no parallel or protection in national legislation, as exists in organics. As summarized in Table 1, fair trade certification requires that production adhere to a set of strict social, as well as more limited environmental, conditions. Only democratically organized associations of small growers or plantations where workers are fully represented by independent democratic unions or other groups can be registered for fair trade production. Required labor conditions vary somewhat between small-holder and plantation enterprises, but uphold basic ILO conventions (including rights to association, freedom from discrimination, prohibition of child and forced labor, minimum social conditions, and rights to safe and healthy work conditions). Though there are minimum agro-ecological requirements for fair trade producers, they do not meet organic standards. Producers who go on to get organic certification receive a specified bonus and products like coffee are often both fair trade and organic certified.[13] All fair trade producers are paid a set premium above the world market price and have a guaranteed minimum price should the world market price collapse. The fair trade premium is invested in social and environmental projects selected by fair trade producer cooperatives or worker organizations. In addition to upholding these price guarantees, fair trade importers must trade directly with producers if possible, seek to establish long term trade ties, and provide credit advances of up to 60 percent of the expected harvest value. Certification in fair trade follows the same basic steps as in organics and is carried out by independent auditors affiliated with each of the fair trade commodity registers.[14] But in contrast to organic certification, fair trade certification costs are paid by importers.

Organic and fair trade production in the South

Though official data are lacking, production of fair trade and organic commodities appears to have grown rapidly in countries of Latin America, Africa, and Asia over the past decade.[15] Burgeoning markets for fairly traded and organic products in the North, and their associated price premiums, have opened up new opportunities for Southern producers. And information on these alternative markets is becoming more available due to the activities of transnational NGOs like IFOAM and FLO and to the rise of global information technologies. As noted below, these communication networks can inform local producers about alternative markets and facilitate producers' access to a range of critical economic, political, and technical resources. While globalization may support Southern producers' entry into organic and fair trade markets, related processes of market liberalization are forcing many producers out of conventional high input agriculture. Structural adjustment and neo-liberal policies imposed throughout the South in the past 20 years have increased agricultural input prices and reduced

Table 2. Major producers of certified organic coffee and bananas.[a]

Certified Organic Coffee (metric tons/year)	Certified Organic Bananas (metric tons/year)
Mexico (30,000 tons)	Dominican Republic (14,400 tons)
Peru (not available)	Mexico (3,200 tons)[b]
Indonesia (not available)	Colombia (2,000 tons)[c]
Ecuador (not available)	Israel (1,000 tons)[c]
Total (104,000 tons)	Total (27,000 tons)

[a]Data on organic exports are not collected by any official organization and thus these numbers must be seen as approximations.
[b]This figure applies only to produce imported by the US.
[c]These figures apply only to produce imported by the EU.
Sources: FAO, 1999b; ITC/UNCTAD/WTO, 1999.

the availability of rural credit, curtailing the production options of marginal farmers and necessitating the search for alternative livelihoods (Raynolds, 1997).

Organic agricultural production in the South

Over recent years, organic production has spread to over 100 countries, with much of this growth being oriented toward new export markets (FAO, 1999b). Valued at 500 million dollars, this North/South trade currently represents only five percent of the world organic market, though it is expected to grow substantially in coming years (Blowfield et al., 1999; FAO, 1999a). Countries in Latin America have seen the most dramatic rise in organic production, but some Asian and African countries have also become major exporters (Crucefix, 1998). Coffee is the most well established organic export crop, with yearly shipments of over 100 thousand tons, as noted in Table 2.[16] Mexico, the pioneer in organic coffee, remains by far the largest supplier, followed by Peru, Indonesia, and Ecuador. Production of organic cocoa, tea, and cotton for export is also well established in many countries of the South. The most dramatic growth in organic exports appears to be in fresh fruits and vegetables, which have only recently entered the global market. For example world trade in organic bananas is estimated to be growing at 30 percent per year, though shipments currently only amount to about 27 thousand tons (FAO, 1999b; Sauve, 1999). The Dominican Republic supplies over half of the world market, with a number of other countries augmenting this new banana trade.

It is typically assumed that organic production will *a priori* be the domain of small family farms – due to its higher labor demands and the benefits to be accrued from inter-cropping – thus providing income for poor rural families in the South. There are no official international data available with which to assess this claim, though there are good reasons to question its validity. Farm gate prices for organic products may be as much as 20 percent above those for conventional products, but there are also substantial costs and risks inherent in organic export production. A FAO (1999a) study of organic agriculture identifies a number of important barriers to entry for producers, beginning with the lack of information available on organic production processes, certification procedures, and markets. Conversion to organic status in Southern countries often takes up to three years, during which time farmers may experience diminished yields with no additional revenue. Certification costs are extremely high, with producers often having to pay as much as five percent of their sales' value.[17] Since most organics are traded alongside conventional items in highly volatile world markets, producers have no guarantee that their investments will pay off once they are certified. A study of successful small-scale organic coffee production in Mexico highlights the importance of local and transnational NGOs in facilitating participation in organic exports (Hernandez-Castillo and Nigh, 1998; Nigh, 1997). Importantly, when these coffee growers were pushed out of conventional production by rising input prices, they got the financial and institutional support necessary for organic conversion by working with fair trade groups. To limit their market exposure, small coffee producers often appear to divide their sales between the fair trade market, where they have a guaranteed price, and the open organic market, where prices are erratic but potentially higher.

A number of studies suggest that due to the substantial costs and risks of organic production, much of the international trade is controlled by medium and large enterprises, challenging the assumption that it is small farms that benefit from the growing organic market. While marginal producers may be unable to afford to enter the organic trade, "Increasingly . . . larger farmers are seeing organic production as a good commer-

Table 3. Major producers of fair trade labeled coffee and bananas.[a]

Fair Trade Labeled Coffee (metric tons/year)	Fair Trade Labeled Bananas (metric tons/year)
Tanzania (25,000 tons)	Dominican Republic (6,000 tons)
Uganda (18,000 tons)	Ghana (6,000 tons)
Mexico (17,000 tons)	Costa Rica (not available)
Colombia (7,000 tons)	Ecuador (not available)
Total (99,000 tons)	Total (15,000 tons)

[a]These data include only those coffee and banana exports labeled under the auspices of FLO.
Sources: FLO coffee and banana register documents; FAO 1999b.

cial proposition" (Crucefix, 1998: 12). The smallest organic banana producers are those in the Dominican Republic, but even here growers are mid-sized farms by local standards.[18] Most Latin American organic bananas are grown on plantations. For example, Dole Food Corporation – which controls 25 percent of the conventional banana trade and a significant share of the US organic sector – has in recent years become a major organic banana supplier (Banana Link, 1999). Some Dole banana plantations might be able to pass IFOAM's relatively weak social standards; outside of IFOAM they can be certified as organic irrespective of even gross labor violations. Without the strict social standards and restrictions on eligible producers found in fair trade, organic production clearly risks being transformed from a form of alternative agriculture to a segment of the traditional corporate dominated global agro-export trade.

Fair trade agricultural production in the South

There are currently over 284 producer organizations in 45 countries of the South engaged in the production of fairly traded coffee, cocoa, honey, tea, and bananas (Max Havelaar, 1999).[19] Food products represent 60 percent of the fair trade market, with an approximate value of 240 million dollars per year (EFTA, 1998; Fair Trade Federation, 1999). While fair trade agricultural production is smaller and less diversified than organic production, it appears to be growing even more rapidly. As in organics, the dominant fairly traded agricultural product is coffee, with exports of 99 thousand tons per year (see Table 3). Fair trade coffee is produced by 200 cooperatives representing roughly half a million growers in 18 countries (Fairtrade Federation, 1997; Max Havelaar, 1999). Tanzania and Uganda are the major sources of fair trade coffee, followed by a number of Latin American countries. Fair trade bananas – the first fair trade labeled fresh commodity – are not as well established as coffee, but are experiencing phenomenal growth. Just three years after their introduction, 15 thousand tons of fair trade labeled bananas are being produced for export to Europe. There are currently 11 grower cooperatives and progressive plantations producing fair trade bananas in Ghana, the Dominican Republic, and four other countries (Max Havelaar, 1999).

The types of Southern partners eligible to participate in fair trade is specified in the FLO standards, thus regulating the distribution of any potential fair trade benefits. In the early years, fair trade initiatives purchased only from groups of small-scale producers which were identified as "disadvantaged populations." More recently, producer eligibility has been expanded to include plantations with high labor standards. This shift is fueled by the recognition that often landless workers are in reality the most seriously disadvantaged and that some commodities are rarely produced by small-holders. Where fair trade labeled coffee must come from small-holders, tea and bananas are sourced from both small and large enterprises. All partners must meet the basic fair trade social and environmental requirements, and producers must be organized into democratic associations of small-holders (e.g., cooperatives) or workers (e.g., independent unions).

The requirement that fair trade importers pay certification fees, extend producer credit, and commit to long-term purchases, facilitates the entry of limited resource enterprises into fair trade markets. In addition to creating more reciprocal financial and commodity exchanges, fair trade initiatives open up new avenues of communication, giving producers greater access to market information, technical expertise, and other resources. These multifaceted fair trade networks establish important ties of social connectivity organized around "trust" and "fairness" (Whatmore and Thorne, 1997). Studies suggest that strong North/South linkages between producers, importers, and labeling organizations are essential in permitting marginal producers to enter into and benefit from fair trade (Blowfield et al., 1999).[20]

Fair trade producers are guaranteed a favorable price. The price for bananas is pegged at US$1.75 per box above the world market price; coffee produ-

cers are guaranteed $0.05 per pound above the world price (Max Havelaar, 1999). The premium resulting from this pricing system is given to fair trade producer organizations to invest in social and environmental activities benefiting their members. For example, on a fair trade banana plantation in Ghana, the price premium is earmarked to purchase a 25 percent share of the enterprise for the workers; a banana grower cooperative in Ecuador is using the fair trade bonus to strengthen the producer organization and finance environmental improvements (Chambron and Smith, 1998: 86).[21] Given the extreme volatility of world market prices for tropical exports, for marginal producers, the guaranteed price floor for fair trade commodities is perhaps as important as the price premium. Fair trade banana growers are guaranteed that they will receive at least US$7.25 per box even if the world market price collapses (Max Havelaar, 1999). The importance of the fair trade price floor is clearly demonstrated in coffee, where the world price has fallen below the guaranteed minimum of US$1.26 per pound price in seven of the past ten years (Lake and Howe, 1999). When world coffee prices dropped to $0.50 per pound in the early 1990s, this price guarantee meant the difference between survival and bankruptcy for many small-scale coffee growers. The current slide in coffee prices underscores the importance of the fair trade price floor in assuring the survival of marginal producers and their families.

Organic and fair trade import markets and consumption in the North

Available market studies suggest that the North/South trade in organic and fair trade products is likely to grow rapidly in the near future, though analysis of these trends is weakened by the lack of official data (FAO, 1999a). Trade in both areas is fueled largely by shifting consumption patterns in the United States, Europe, and other Northern markets away from conventional agro-industrial foods. Consumer concern over the healthiness of food and the environmental and social implications of corporate production patterns appears to be growing in the wake of recent food scares (over "mad cow" disease, *E. coli* tainted food, etc.) and the proliferation of controversial genetically modified foods (Bgh milk, GM corn, etc). As consumer interest in purchasing alternative foods has grown, organic and fair trade products have moved beyond specialty outlets and are sold increasingly in regular supermarkets. This market expansion has made labels more important in distinguishing alternative products from their conventional counterparts as well as fostering product trust among increasingly skeptical consumers (Zadek et al., 1998). Organic sales appear to be rising largely as a result of shifts in individual purchasing patterns, with consumer confidence being based largely on organic legislation. In fair trade, increasing sales appear to be more closely linked to the efforts of FLO and other NGOs, which, in the absence of official regulation, must build networks of trust directly with consumers (Renard, 1999). In both cases conditions in these alternative trade circuits are being largely determined by Northern interests and institutions, raising questions as to the democratic nature of these alternatives. And in both cases we can see rising challenges from corporations seeking to capture the value added at the point of sale from alternatively labeled products.

Organic import markets and consumption in the North

Though imports from the South are estimated to account for only five percent of total Northern organic sales (Blowfield et al., 1999), this market is quite substantial given that European, US, and Japanese total organic sales are valued at 4.5, 4.0, and 1.2 billion dollars respectively (Segger, 1997 cited in Crucefix, 1998: 5). While the Northern consumption of organics has until recently been almost entirely nationally or regionally sourced, in many areas imports appear to be growing faster than the rest of the market (FAO, 1999a). The growing popularity of organics has greatly increased demand for imported organic mainstays like coffee, which has already acquired about two percent of the German market and almost that large a share of the five billion dollar annual US market. Broadening consumer demand has also greatly increased imports of new organic fresh fruits and vegetables, including many tropical commodities like bananas.[22] As noted in Table 4, the United States currently imports the most organic bananas (11 thousand tons), followed by countries in Europe. According to a recent FAO (1999b) study, these markets are likely to grow substantially in the future, with the United States absorbing perhaps 60 thousand tons and Europe an additional 45 thousand tons of organic bananas each year.

Much of the recent growth in the North/South organic trade appears to be the result of rising health and food safety concerns, and to a lesser extent to environmental concerns among Northern consumers (Sauve, 1999). While some consumers may assume that purchasing certified organic products has progressive social implications, the organic trade in many ways re-enforces the traditional subordination of Southern producers. Voices from the South have virtually no say in the standards being used to define organic production by IFOAM or by legislation in major markets. At a national level, one can legitimately question whether encouraging colonial agro-exports

Table 4. Major importers of certified organic coffee and bananas.[a]

Certified Organic Coffee (metric tons/year)	Certified Organic Bananas (metric tons/year)
United States (not available)	United States (11,000 tons)
Germany (not available)	Germany (6,000 tons)
The Netherlands (not available)	United Kingdom (3,000 tons)
France (not available)	Japan (2,700 tons)
Total (104,000 tons)	Total (27,000 tons)

[a]Data on organic imports are not collected by any official organization and thus these numbers must be seen as approximations.
Sources: FAO, 1999b; Sauve, 1999.

Table 5. Major importers of fair trade labeled coffee and bananas.[a]

Fair Trade Labeled Coffee (metric tons/year)	Fair Trade Labeled Bananas (metric tons/year)
Germany (4,142 tons)	Switzerland (7,221 tons)
Netherlands (3,003 tons)	The Netherlands (4,168 tons)
Switzerland (1,356 tons)	Germany (2,018 tons)
United Kingdom (700 tons)	Japan (2,000 tons)
Total (99,000 tons)	Total (16,768 tons)

[a]These data include only those coffee and banana exports labeled under the auspices of FLO.
Sources: FLO coffee and banana register documents; FAO 1999b; personal communication, Pascal Liu, 1999.

like coffee or bananas, reconstituted under the label "organic," is environmentally or socially sustainable. At the level of the producer, one finds that marginal organic farmers in the South are likely to be as dependent on exploitative middlemen, corporate buyers, and volatile prices as conventional producers, unless they enter into fair trade networks (Massey, 1996 cited Banana Link, 1997b). By leaving the distribution of alternative products to conventional market forces, the international organic movement fails to challenge existing North/South inequalities or transnational corporate market domination. Within the capitalist market, the ecological and social ideals of the organic movement are subordinated to competition based on price. Thus for example, it should not be surprising that a Dole Foods subsidiary has recently been charged with misrepresenting conventional bananas as organic in order to profit from organic market premiums.

Fair trade agricultural markets and consumption in the North

With an annual turnover of 400 million dollars, the fair trade market is smaller than the organic market, but there appear to be substantial signs of growth based on both the addition of new labeled products and the geographic spread of market coverage. To date there are only a few fairly traded agricultural commodities available and most are only available in Europe. Fair trade coffee, the oldest and most well established commodity, is carried by major European supermarkets, is served in the European Parliament, and now holds three percent of the entire European coffee market (EFTA, 1995: 25). Germany and the Netherlands import the largest volumes of fair trade coffee, as noted in Table 5. Fledgling TransFair affiliates in the United States and Canada are attempting to build local fair trade movements around coffee imports, though these countries are to date not among the top importers (TransFair USA, 1999; Waridel and Teitelbaum, 1999). Though only recently introduced, bananas have become the second most important fair trade commodity in Europe. In Switzerland these bananas hold fully 10 percent of the market with imports of 7.5 thousand tons per year (FAO, 1999b). Consumer surveys suggest that the potential market for fair trade bananas in Europe might be as large as 300–400 thousand tons a year, roughly 25 times its current size (Banana Link, 1997a). Fair trade bananas are just beginning to appear in the United States and Canada, and are likely to do well given the huge size of these markets (FAO, 1999b).

The growth of fair trade appears to be spawned in large measure by the efforts of FLO and other fair trade

groups that help galvanize the social justice concerns of consumers and encourage their participation in new fair trade networks. Rather than leaving consumers to express their individual self-interest in the market, one of FLO's (1999) key operating principles is "To raise awareness among consumers of the negative effects on producers of international trade so that they exercise their purchasing power positively." This emphasis on public education links consumers more directly to producers, building potentially powerful two-way networks that span the North/South divide (Whatmore and Thorne, 1997). While producers draw on these networks to access expertise and other resources, consumers use these networks as a framework for redeveloping trust in the social and environmental origins of their food purchases (Cenival, 1998). The fair trade movement and standards clearly reflect Northern interests, but there is greater leeway for the interjection of Southern concerns than in organics, since another central operating procedure involves "setting an example of trade through dialogue, transparency, and respect" (FLO, 1999). Though fair trade initiatives are not immune from market forces (Renard, 1999), by engaging directly in the trade of alternative commodities, fair trade NGOs strive to make visible and more equitable the "invisible hand" of the market. The involvement of fair trade groups in the entire commodity chain, from the point of production to consumption, restricts the chance that corporate interests can enter the fair trade circuit and refashion this progressive movement into a profit oriented niche marketing scheme.[23]

Conclusions

The international organic agriculture and fair trade movements seek to create alternative trade circuits for items produced under more environmentally and socially sustainable conditions that simultaneously parallel and challenge the conventional global agro-food system. These initiatives challenge abstract capitalist market principles that devalue natural and human resources, particularly in countries of the South, and strive to build new trade links for commodities in which these resources are revalued. Both movements work to re-embed production in natural and social processes and create an alternative agro-food trade. Though the international organic movement has focused on transforming ecological production conditions and the fair trade movement has focused more on transforming social production conditions, these initiatives have begun working together to establish a set of minimum social and environmental standards.

The international organic movement has undoubtedly achieved some important environmental gains and raised consumer consciousness regarding the hidden dimensions of industrial food production. Yet I contend that the fair trade movement raises a more fundamental challenge to the conventional agro-food system, due to its emphasis on creating more equitable and sustainable relations of exchange as well as production. I argue that theoretically it is in the process of capitalist exchange that commodities become abstracted from their human and natural roots, so that price becomes their dominant characteristic. To socially and environmentally re-embed agricultural production would thus appear to require not just alternative products, but alternative marketing links. This article suggests that fair trade initiatives have begun to create new networks of exchange that escape the bonds of simple price competition. By building alternative networks of solidarity between agro-food producers and consumers, fair trade initiatives encourage the participation of disadvantaged farmers and thwart the entry of transnational corporations seeking only to profit from lucrative new niche markets. In contrast in the organic sector, where trade is left to conventional market forces, marginal producers are typically excluded, while transnational corporations are permitted to appropriate the value added by organic labels without adhering to the movement's underlying social and environmental values. From both a theoretical and empirical perspective, the fair trade movement appears to be creating a stronger alternative to our conventional corporate dominated world agro-food system.

The greatest challenge for alternative agricultural trade movements is ensuring that they go beyond creating a parallel (perhaps necessarily ancillary) market for alternative agro-food products in the North, to integrate more sustainable environmental and social practices into conventional world trade. Both the organic and fair trade movements have demonstrated that more socially just and environmentally sound production in the South is possible and that Northern consumers will pay more for these products. In this sense both movements have created important alternative models, countering the tendency to see conventional agro-food production and trade practices as inevitable. But can either movement really hope to transform our exploitative global agro-food system? To take on this broader challenge, alternative trade initiatives must go beyond the realm of consumer politics, where individuals with discretionary income make positive purchasing decisions, to the realm of citizen politics, where people make positive collective decisions about the nature of acceptable production and trade practices. The fair trade movement has gone further than the international organic movement in educating consumers about the

social and ecological injustices embedded in conventional North/South relations and in lobbying for changes in the national and global regulation of the agro-food system. But what is needed is nothing short of a new system of global production and trade that prioritizes the needs of people and the environment over the dictates of free trade.

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Notes

1. As Marx ([1867] 1976) explains, it is through capitalist exchange that products are abstracted from their natural and human roots to become impersonal commodities ruled by prices and market forces.
2. For information on other strands of what I refer to as alternative trade see EFTA (1998). While there are clearly many initiatives that fall under the alternative trade umbrella, I argue that we should not cast our conceptual net so broadly that we include efforts that fail to raise a true alternative to conventional trade. For a divergent view, see Blowfield (1999), who suggests that we analytically combine the efforts I discuss along with in-house corporate codes of conduct, corporate management certification under the International Organization for Standards (ISO) 14,000 series, and a wide range of other initiatives under the rubric of "ethical trade" (even though many of these initiatives have little if any concern for social justice).
3. The need for the creation of new producer/consumer networks is perhaps nowhere more striking than in the global agro-food system, where peasants and farm workers in the South find it hard to feed themselves or maintain the environmental resources upon which agrarian production is based (Raynolds, 1997), and consumers in the North find their food to be of questionable safety and devoid of valued social content (Arce and Marsden, 1993).
4. Most alternative trade initiatives originate in the North, raising obvious questions about who gets to define the alternatives. The Forest Stewardship Council based in Mexico is an exception to this rule (Dudley et al., 1997), for other exceptions see Blowfield (1999: 762).
5. These movements thus contrast with initiatives like the Marine Stewardship Council and Rainforest Alliance's Eco-Ok/Better Banana Project, which have close links to the dominant corporation in their respective industries (see Constance and Bonnano, 1999; Murray and Raynolds, 2000).
6. In the United States, organic regulations are set by the Organic Trade Association operating under the 1990 "Organic Foods Production Act." In Europe these requirements are set by the "EEC-Regulation on Organic Agriculture."
7. IFOAM publishes the "Basic Standards for Organic Agriculture and Food Processing" and more specific guidelines for key crops; their criteria are reviewed regularly and periodically revised.
8. These social concerns were recently elevated from guidelines to standards after considerable debate (see for example IFOAM, 1997). Similar debates have long occurred in US organic circles. Given the growing role of the US government in establishing organic regulations, we are unlikely to see social standards integrated into US organic certification criteria.
9. There are seven more certifying agencies seeking IFOAM accreditation. Since it sets the industry standards even non-affiliated certification organizations tend to conform to IFOAM standards and procedures (IFOAM, 1999).
10. Twelve of the major European alternative trade organizations working in handicrafts and food products joined together in 1990 to form the European Fair Trade Association (EFTA, 1998).
11. FLO's (1999) mission statement reads, "The members of FLO international are looking forward to a world in which all people can live and work in dignity. In which production and consumption, anchored in the wisdom of sustainable development, are instrumental in achieving the vision. Worldwide sustainable development needs to be supported by a more sustainable approach to international trade. Changes toward sustainability are needed in social and economic aspects, as well as ecological aspects. FLO International focuses on the social and economic aspects, through trade, since this is one of the most important instruments for development. This, however, does not imply that the environmental aspect should not be taken into account as well."
12. FLO certification is currently only available for these seven commodities, each of which has its own detailed requirements and register of producers, though fair trade criteria and markets are being developed for additional products (FLO, 1999).
13. Twenty-five percent of fair trade labeled coffee is organic certified (Overath, 1997). Organic coffee receives US$15 per 100 pounds above the standard fair trade price (Max Havelaar, 1999).
14. While fair trade auditors have no direct interest in production, there are close links between standard setting bodies, monitors, and distributors, raising some concern over the independent nature of verification (Blowfield et al., 1999: 10).
15. An FAO (1999a) report concludes that there is a need for an FAO data collection program in organic agriculture.
16. Organic coffee represents a small fraction of the five million ton world coffee market.
17. Blowfield et al. (1999: 6) find that organic certification can cost as much as US$10,000. High certification costs in the South are due largely to the lack of local accredited certify-

ing agencies, a problem that appears to be being somewhat ameliorated (Neuendorff, 1997).

18. Crucefix (1998: 20) reports that Dominican organic banana producers in Azua have on average 3–4 hectares of land. In this area small-holders average 2.5 hectares (Banco Agricola, 1990).
19. While I focus on FLO fair trade labeled products, there are some other foods handled by alternative trade organizations that have not yet been integrated into FLO, including sugar, rice, and wine (EFTA, 1995, 1998).
20. It is because this emphasis on capacity building is largely lacking in organics, that we find that many successful organic producer cooperatives got their start in fair trade (Nigh, 1997).
21. Under this system producer cooperatives and worker organizations play a critical role in assuring that the fair trade premium is well spent. There are cases where the system does not function as it should (Blowfield et al., 1999).
22. There is also substantial growth in imports of counter-seasonal temperate produce like winter grapes sourced from the Southern hemisphere. This trend appears to be fueling a huge growth in organic production and exports in Argentina and New Zealand (Crucefix, 1998; Lawrence et al., 1998).
23. Fair trade initiatives are not fully immune from competition from dominant corporations seeking to capture lucrative markets. For example, Chiquita Brands International has sponsored a new label with weak social standards to repackage their conventional produce as ECO-OK/Better Bananas (Murray and Raynolds, 2000). And major regional coffee roasters and distributors have tried to restrict the activities of fair trade groups by establishing their own ethical coffee lines (Mitchell, 1998).

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