Agriculture and Human Values (2007) 24:147–163
DOI 10.1007/s10460-006-9047-8
© Springer 2007

# Regulating sustainability in the coffee sector: A comparative analysis of third-party environmental and social certification initiatives

Laura T. Raynolds, Douglas Murray and Andrew Heller
*Sociology Department, Colorado State University, Clark Building, Fort Collins, Colorado, USA*

Accepted in revised form April 24, 2006

**Abstract.** Certification and labeling initiatives that seek to enhance environmental and social sustainability are growing rapidly. This article analyzes the expansion of these private regulatory efforts in the coffee sector. We compare the five major third-party certifications – the Organic, Fair Trade, Rainforest Alliance, Utz Kapeh, and Shade/Bird Friendly initiatives – outlining and contrasting their governance structures, environmental and social standards, and market positions. We argue that certifications that seek to raise ecological and social expectations are likely to be increasingly challenged by those that seek to simply uphold current standards. The vulnerability of these initiatives to market pressures highlights the need for private regulation to work in tandem with public regulation in enhancing social and environmental sustainability.

**Key words:** Certification, Coffee, Fair Trade, Labeling, Organic, Shade-grown, Sustainable

**Laura T. Raynolds** *is Professor of Sociology and Co-Director of the Center for Fair & Alternative Trade Studies (http://www.colostate.edu/Depts/Sociology/cfats/index.html) at Colorado State University. She has published extensively on organic and Fair Trade certification and globalization and has an edited volume forthcoming, Raynolds, L. T., D. Murray, and J. Wilkinson (eds.) (2007) Fair Trade: The Challenges of Transforming Globalization. London: Routledge Press.*

**Douglas Murray** *is Professor of Sociology and Co-Director of the Center for Fair & Alternative Trade Studies at Colorado State University. His research and publications focus on global certification and regulatory initiatives, development, environment, and pesticide issues particularly in Latin America.*

**Andrew Heller** *is PhD Candidate in Sociology and student affiliate of the Center for Fair & Alternative Trade Studies at Colorado State University. He is researching the impacts of certification on Guatemalan small scale coffee producers for his dissertation.*

## Introduction

Over recent years we have seen the rapid rise of voluntary certification and labeling initiatives addressing environmental and social standards in a range of commodity areas. Private, non-state mandated, regulatory arrangements have proliferated in the manufacturing sector, particularly in apparel and footwear (Gereffi et al., 2001) and in the agricultural and natural resource sector, particularly in timber, flowers, and food products (Cashore et al., 2004; Hughes, 2001; Raynolds, 2004). The rise of these initiatives has been fueled by the increasing globalization of production and the declining state regulation of environmental and social conditions especially in international arenas. In this regulatory wake, national and transnational non-governmental organizations are promoting a variety of new governance mechanisms using production standards, monitoring, certification, and labeling to identify and reward items produced under laudable environmental and social conditions. Corporations are jumping on the bandwagon, instituting new production guidelines, codes of conduct, and product seals to bolster consumer loyalty and market shares. Solidifying the position of these new private regulatory systems, conscientious consumers in North America, Europe, and around the world are embracing certifications and labels as symbols of quality and ethical practices in global business.

Certification and labeling systems are expanding the most rapidly in the global food sector, since concerns over environmental and social production conditions are linked to health concerns in the day to day food choices of consumers across the global North. One of the most rapid areas of growth is in the certification of coffee. There are five relatively well-established certification and labeling systems operating in North American and European coffee markets with new initiatives coming on line each year. We focus our analysis on the coffee sector, not only because it has emerged at the forefront of the private regulatory boom but also because environmental

and social standards in this commodity have implications for the sustainability of vital tropical eco-systems and the well-being of peasant producers and farm laborers across three continents.

Given certification's rising popularity, it is important to critically assess the varied ideas, practices, and potentials of these initiatives. Existing studies diverge in their assessments. While some suggest that certification represents little more than a new packaging model (Freidberg, 2003), others contend that these efforts have significant positive impacts (Taylor and Scharlin, 2004). We argue that certification and labeling represents an important institutional avenue for promoting social and environmental sustainability, but that key variations in the ideas and practices employed in these efforts influence their positive potential. A number of studies analyze the production impacts of particular coffee initiatives (Bacon, 2005; Bray et al., 2002; Mutersbaugh, 2002; Raynolds et al., 2004; Rice, 2001). A few studies analyze certified coffee markets (Giovannucci, 2001; Giovannucci and Koekoek, 2003) or the role of certification within the overall coffee commodity chain (Daviron and Ponte, 2005; Giovannucci and Ponte, 2005; Renard, 2005; Talbot, 2004). We extend this literature via a systematic, comparative macro-analysis of the five major coffee certification and labeling initiatives which address social and environmental sustainability.[1]

Our research identifies three key dimensions that distinguish private regulatory frameworks in the coffee sector and delimit their potential for promoting sustainability: (1) Initiatives are distinguished by their governance arrangements – including the actors involved in creating and enforcing standards, the character of regulatory mechanisms, and their production and marketing strategies – which in turn shape their democratic potential; (2) Regulatory frameworks are defined by their specific standards – including the depth of social and ecological concern, the rigor of their standards, and the inclusion of trade and price specifications – which determine whether certification works to *hold the bar*, avoiding the erosion of social and environmental conditions, or to *raise the bar*, improving social and environmental standards; (3) Certification efforts are distinguished by their market coverage and growth potential, which are critical in shaping the power of these private regulatory frameworks to shape global production, consumption, and trade.

This analysis draws on a range of data sources. We analyze materials produced by the coffee initiatives under study, including web sites, internal documents, and press releases. This self-presentation is balanced by an extensive review of unpublished reports dealing with coffee certification prepared by multilateral agencies, donor organizations, and producer groups and published articles in academic journals, newspapers, and trade magazines. Our analysis also relies heavily on semi-structured interviews in person or by phone with one or two representatives of the top coffee initiatives. These roughly one hour exchanges were followed up by a series of electronic communications. Discussions with initiative representatives has been essential in clarifying ambiguities, updating available data, and most importantly elucidating differences in private regulatory commitments and strategies.[2]

## New forms of regulation

Over recent decades globalization has fueled the spread of neo-liberal policies around the world, undermining government regulations in national and international arenas. Deregulation in agro-food sectors – a traditional bastion of government control – has been particularly dramatic (Higgins and Lawrence, 2005). Private voluntary arrangements addressing the environmental, health, quality, and ethical dimensions of agro-food production and trade have proliferated to fill this regulatory vacuum. These private voluntary initiatives, which include new standards, certification institutions, and labels, are forging a system of "transnational private governance" (Gereffi et al., 2001: 56). The regulatory power of these institutional structures is derived not from the state but from their ability to garner producer support via the promise of consumer loyalty, market shares, and often price premiums. While scholars increasingly agree that we are seeing a shift from public to private regulation of the agro-food sector, the key institutions, arrangements, and implications of this shift remain widely debated.

The regulation school has documented how the "hollowing out" of the state has enhanced the role of private corporations in regulating trade (Jessop, 1995). The rising power and shifting nature of corporate control in the global economy is best elaborated in the commodity chain literature, which focuses on how private sector governance shapes enterprise participation, production processes, and product specifications (Gereffi, 1994; Gereffi et al., 2005). As Gereffi (1994) argues, commodity chains are traditionally "producer-driven" due to producers' control over capital and knowledge assets but are increasingly becoming "buyer-driven" as a result of the market control exercised by name-brand distributors.[3] The rise of buyer-driven chains in the agro-food sector is well demonstrated in Europe, where large food scares have shattered public confidence in government regulations and a few supermarkets dominate the market. Supermarkets increasingly govern conditions within their supply chains, creating a system of "private-interest regulation," which consumers rely on to ensure food quality and safety in the face of weakened and unreliable state regulations (Marsden et al., 2000).

Though compliance with supermarket standards is not legally required, producers around the world find that they must meet these private regulations to access major European markets (Dolan and Humphrey, 2000). There are some indications that supermarket-driven private regulation may be increasing globally (Busch and Bain, 2004; Konefal et al., 2005). While commodity chain analysis reveals the regulatory power of dominant firms, it is less attuned to the role of non-economic actors in shaping production and trade relations.[4]

Recent research within the social movement tradition helps fill this void, highlighting the critical role of civil society actors, particularly non-governmental organizations (NGOs), in new governance arrangements. In the face of state deregulation, local, national, and transnational NGOs have dramatically increased their engagement in regulating social and environmental conditions (Keck and Sikkink, 1998). Transnational human rights and environmental NGOs have moved beyond the traditional strategy of lobbying for public regulatory reform to challenging firm behavior directly. The rising salience of corporate brands in consumer culture and markets has empowered NGO campaigns to "name and shame" poor corporate performers and to create incentives to foster social and environmental improvements (Klein, 1999; Winston, 2002). NGOs have established new private governance structures based on the specification of particular standards, establishment of verification procedures, and granting of certifications and labels (Gereffi et al., 2001). Certification systems are increasing in manufacturing (O'Rourke, 2003) but are proliferating most rapidly in agricultural and natural resource sectors, particularly in food, timber, and flowers (Cashore et al., 2004; Hughes, 2001; Raynolds, 2004). Rising consumer unease about the environmental and social conditions behind their purchases has increased the market for certified products, especially for those sourced internationally (Barrientos, 2000). Though participation in NGO-based certification is voluntary, certification is increasingly required for products entering competitive and rapidly growing niche markets aimed at conscientious consumers.

Gereffi et al. (2001) distinguish between new corporate and NGO controlled private regulatory systems and between these and state-based voluntary standards, identifying four types of initiatives. First-party certifications represent forms of internal corporate self-regulation. While such corporate efforts are common, they have limited credibility given their self-interested nature. Second-party certifications involve industry associations in establishing standards or verifying compliance. These industry efforts often supplant first-party efforts, enhancing the rigor and transparency of standards and procedures. Yet legitimacy concerns remain. Third-party certifications have non-corporate coordinating bodies, typically NGOs that set standards and monitor compliance. NGO-based certifications are generally characterized by their participatory structures, clear standards, and credible verification systems. Research finds that these systems have the greatest legitimacy, given their corporate independence, and are growing the most rapidly, due to their strong consumer appeal and market position (Cashore et al., 2004; Gereffi et al., 2001). Fourth-party certifications are coordinated by government or multilateral agency bodies but remain voluntary. The popularity of these certifications appears limited due to their contradictory state/voluntary nature. Yet the state is implicated in private regulatory arrangements, since state norms and procedures govern accreditation and labeling in most certification systems (Mutersbaugh, 2005). The certification classification outlined here is commonly used despite the fact that some initiatives may engage a combination of corporate, NGO, and state entities.

While the shift from public to private regulation is often understood through an analysis of the new institutional relations governing certification, equally important are the new types of standards dictating commodity assessments. Conventional market standards focus on the physical and measurable qualities of a product. Yet commodities are increasingly being evaluated not by these *product standards*, but by an array of *process standards* related to the conditions under which items are produced or traded (Dankers and Liu, 2003). Since process standards can not be verified by examining the final product, certification and labeling systems are used to verify compliance. In manufacturing, new certification standards revolve largely around labor practices (O'Rourke, 2003). In the agro-food sector, certification standards typically relate to social and ecological issues linked to small-farmer livelihood, labor, food safety, and sustainability concerns. Given recent NGO and media reports of severe social and environmental abuses involved in production in the global South, wary Northern consumers rely increasingly on new certification initiatives to ensure they are not unwittingly supporting such abuses.

The recent convention theory literature provides an insightful analytical window into how quality is reformulated in the agro-food sector with the rise of new social and environmental process standards. This research analyzes the rules, norms, and conventions that underpin varied quality constructions and modes of market coordination (Thévenot, 1995). As Barham (2002) argues, from this vantage point new certification and labeling initiatives can be seen as bolstering ethical values-based quality definitions and production processes. In particular, third-party certifications may promote alternative ideas and institutions related to personal trust and social and ecological responsibility over traditional commercial and industrial conventions (Raynolds,

2002). New quality constructions are simultaneously political constructions, enabling the exercise of new forms and relations of power in agro-food networks (Murdoch et al., 2000). Certification and labeling standards thus may allow for the imposition of new forms of control across commodity networks and new forms of competition between commodity networks.

While the existing literature provides useful insights into the institutions and standards embodied in new certification and labeling initiatives, two key questions remain as to the implications of the shift from public to private regulation. First, do these new private regulatory efforts democratize markets by increasing the role of civil society in regulating production and trade conditions in the agro-food sector? Some authors suggest that the NGO-base and socially and ecologically rooted standards inherent in new certification initiatives may increase the participation of citizens and consumers in shaping commodity relations (Barham, 2002; Murdoch et al., 2000; Raynolds, 2002). Yet others warn that certification institutions and standards may in actuality serve simply as new vehicles of corporate control over global food production, trade, and consumption (Busch and Bain, 2004; Freidberg, 2003). To address this question, we analyze the key actors, arrangements, and standards governing new coffee certification and labeling systems to see whether particular initiatives are increasing the opportunities for democratic participation or cementing the power of dominant firms.

Second, since private regulatory arrangements have arisen largely to fill the void left by eroding state regulations, it is critical to question how well these new arrangements can fill the public regulatory vacuum. Do these new initiatives largely *hold the bar*, halting the decline in social and environmental conditions caused by receding state regulations? Or can certification and labeling efforts actually *raise the bar*, bringing about improvements in social and environmental standards in the agro-food sector? In the long term, regulatory arrangements that can raise sustainability standards are clearly a better substitute for traditional state regulatory mechanisms than are those that can only uphold previously established standards. Some research has been done on this issue in manufacturing, but preliminary findings are inconclusive. Some authors find that certification promotes rising labor standards (O'Rourke, 2003); others suggest that private regulations largely duplicate government rules and thus only uphold existing conditions (Esbenshade, 2004). There is to date little analysis of the capacity of private regulatory efforts to raise standards in the agro-food sector. To address this lacuna, this article analyzes certification and labeling initiative strategies and possibilities for raising sustainability standards within the coffee sector.

## The rise of coffee certification and labeling

Prior to 1989, the International Coffee Organization (ICO), a consortium of major coffee producer and consumer country representatives, regulated the global coffee market fairly successfully using a quota system to control supplies and sustain prices (Talbot, 2004). When the ICO International Coffee Agreement unraveled, coffee supplies rose and competition between producer countries increased, causing a sharp decline in world prices. At the same time large corporate coffee roasters and distributors were coming increasingly to dominate the international commodity chain, shifting the distribution of profits in their favor. As Ponte (2002) demonstrates, coffee roaster/distributor control over the commodity chain continues to rise due to corporate concentration and the differentiation of coffee products, which further focuses profits at the point of sale.

Coffee has been transformed over the last two decades from a boring staple good to a vibrant and differentiated specialty item. Sales of bulk low quality canned coffee persist, but an increasing share of the market is dominated by high-quality gourmet coffee, distinctively packaged and sold in lifestyle cafés as well as supermarkets. While overall coffee sales in major European and North American markets are stagnant, sales of specialty coffee are rising at 5%–20% per year (Ponte, 2004). In the United States, the world's largest coffee market, specialty coffee accounts for 20% of sales and, given its higher price, captures roughly 40% of coffee revenues (Lewin et al., 2004). In Europe, differentiation in the coffee market is less pronounced, but the specialty coffee category is growing. Annual specialty coffee sales in Europe and North America together total about 400 thousand metric tons, about 10% of all imports. In 2002, global specialty coffee sales generated US$8.4 billion (Lewin et al., 2004).

Coffee linked to environmental and social issues, typically called sustainable coffee, represents a key segment of the differentiated market. Sustainable coffee addresses rising consumer concern over issues such as the environmental degradation brought on by industrial style coffee monocropping, the health implications of consuming chemical residues on coffee beans, the social inequalities embodied in the international coffee trade, and the economic uncertainties of coffee production given volatile coffee prices (Griswold, 2000). Sustainable coffee sales have grown rapidly across North America and Europe in the past twenty years along with consumer consciousness. In North America, sustainable coffee holds 0.5% of the total market and 2.8% of the specialty market (Ponte, 2004). In Europe, sustainable coffee comprises 1.6% of sales (Giovannucci and Koekoek, 2003). With 19,000 metric tons traded, sustainable coffee accounts for about 0.3% of the world

market (Ponte, 2004). Importers, distributors, and roasters concur that though sustainable coffee holds a minor market share, it represents one of the fastest growing segments of the coffee market.

Although coffee is traditionally distinguished by product standards related to the cleanliness of the beans and the taste of the brewed coffee, sustainable coffee is distinguished largely by process standards related to the conditions under which coffee is produced and traded. As in other sectors, these new social and environmental coffee standards are increasingly being institutionalized via voluntary certification systems. Certification is rapidly gaining market acceptance, and two-thirds of North American specialty coffee companies identify the certification of sustainable coffee as important to their business (Giovannucci, 2001). As in other sectors, coffee certification systems vary markedly according to who establishes their standards and verifies compliance.

Coffee roasters and distributors have initiated several first and second-party certifications to address rising consumer concerns, ward off possible negative publicity, and capture a share of the growing sustainable coffee market. Many coffee corporations have established internal codes of conduct and sourcing guidelines related to quality and environmental issues (Slob and Oldenziel, 2003). Starbucks, for example, has a Coffee and Farmer Equity Practices Program (C.A.F.E.) – a preferred supplier scheme that rewards producers for sustainable practices but sets no minimum requirements (SCS, 2005).[5] As with other corporate systems, this program suffers from a lack of transparency and critics suggest that it is best viewed as a self diagnostic or even public relations tool. A new second-party certification – the Common Code for the Coffee Community (CCCC) – was recently launched by the German Coffee Association to develop "a global code for the sustainable growing, processing, and trading of mainstream coffee" (CCCC, 2005). Although other industry, NGO, and government groups have signed on to the CCCC and a web site has been created to explain its standards and procedures, as with other second-party initiatives, the CCCC's credibility is undercut by its self-interested industry ties.

Third-party certification systems are growing the most rapidly in the sustainable coffee sector, as in other commodity areas, due to their greater legitimacy and associated consumer and market appeal. There are five major relatively well-established NGO-based coffee certifications – the Fair Trade, Organic, Utz Kapeh, Shade/Bird Friendly, and Rainforest Alliance initiatives. Each of these private regulatory systems has a distinct mission, point of entry, and set of priorities that in turn shape their standards and procedures. Fair Trade has a clear social justice/development mission that is pursued by working specifically with poor producers and challenging inequalities in international trade to empower these producers. In their words, Fair Trade seeks "to improve the position of the poor and disadvantaged producers in the developing world" by altering trade conditions to "guarantee a better deal to producers" (FLO, 2005). In contrast, Organic certification has a clear environmental mission that is pursued by promoting less chemical-intensive farming practices. As the lead Organic NGO states, "Our goal is the worldwide adoption of ecologically, socially and economically sound systems that are based on the principles of Organic Agriculture" (IFOAM, 2005). The Shade/Bird Friendly initiative also has a clear ecological mission, but as its name implies it prioritizes the preservation of migratory birds through tropical forest habitat conservation. As the initiative's website states, "The Smithsonian Migratory Bird Center encourages the production of shade grown coffee, and the conservation of migratory birds" (SMBC, 2005). The Rainforest Alliance initiative's mission involves protecting people and the environment by improved farm management across as much of the agricultural sector as possible. In their words, "The mission of the Rainforest Alliance is to protect ecosystems and the people and wildlife that depend on them by transforming land-use practices, business practices and consumer behavior" (RA, 2005). Utz Kapeh, which means "good coffee" in a Mayan language, has a similar dual social and environmental mission. It pursues a "corporate responsibility approach" focusing on "mainstream coffee roasters and brands" and seeks to ensure "that coffee is grown decently with respect for producers and the environment" (UK, 2005a).

## The governance of third-party initiatives[6]

Third-party sustainable coffee initiatives have created certification networks, which largely bypass existing state and industry structures. The five coffee initiatives analyzed here all have a solid NGO base involved in specifying standards, ensuring compliance, and encouraging firm participation. These NGOs are central in establishing and maintaining the legitimacy and effectiveness of international coffee certification. To assess the degree to which this NGO governance structure ensures the democratic nature of certification, we analyze the engagement of regulatory actors, nature of monitoring and certification, and production and marketing strategies of each initiative. Table 1 summarizes the varied institutional arrangements of the five major coffee certifications.

Fair Trade is one of the most well established initiatives and has the broadest and strongest NGO base. The Fair Trade initiative grows out of various efforts to support disadvantaged producers in the global South through sales of coffee and other products. Fair Trade

**Table 1.** Governance of major coffee initiatives.

| Initiative | Year established | Standard setting body | Monitoring body | Monitoring procedure | Market strategy | Production strategy |
|---|---|---|---|---|---|---|
| Fair Trade | 1980s | NGO (Fairtrade Labelling Organizations International) | Autonomous non-profit certifier; one private certifier approved by initiative | Annual monitoring and certification of producer groups and importers | Mainstream marketing with use of consumer labels | Small farmers |
| Organic | 1970s | Initially NGO; now state/NGO (International Federation of Organic Agricultural Movements) | Private certifiers regulated by state and accredited by NGO | Annual monitoring and certification of land; chain of custody monitoring | Mainstream marketing with use of consumer labels | Mostly small farmers; some plantations |
| Utz Kapeh | 2002 | Initially industry; now industry/NGO (Utz Kapeh) | Private certifiers approved by initiative | Annual monitoring and certification of farms; chain of custody monitoring | Mainstream marketing; consumer labels often used | Mostly plantations; some small farmers |
| Rainforest Alliance | 1996 | NGO (Sustainable Agriculture Network) | Certification by member organizations | Annual monitoring and certification of farms | Mainstream marketing; consumer labels rarely used | Mostly plantations; some small farmers |
| Shade/Bird Friendly | 1997 | State/NGO (Smithsonian Migratory Bird Center) | Private certifiers approved by initiative | Annual monitoring and certification of land | Mainstream marketing with use of consumer labels | Mostly small farmers; some plantations |

*Sources*: Data are from interviews with initiative representatives and initiative documents.

certification emerged in the 1980s to increase labeled commodity sales in mainstream outlets. This initiative is coordinated by the Fair Trade Labelling Organization International (FLO), an umbrella organization comprised of 20 national initiatives – 15 in Europe, 3 in North America, and 2 in the Pacific.[7] FLO's regional representation and stakeholder base is broadened via an elected board comprised of 5 national initiative, 4 producer group, 2 importer, and 2 consumer group representatives (FLO, 2005).[8] FLO has a standard setting unit to establish its criteria. Once done directly by FLO, certification is now the job of an independent organization in keeping with ISO 65 guidelines.[9] FLO is also working with accredited certifiers in major production areas to curtail costs. Fair Trade is the only initiative that is open only to small-scale coffee producers with certification granted to the producer cooperatives (Raynolds et al., 2004).[10] Another unique aspect of Fair Trade is that both producing and importing enterprises are monitored for compliance with basic standards.[11] Fair Trade certification is made visible through the use of a coffee package logo.

Organic certification is also very well established – so well established in fact that NGO based standards and procedures are increasingly institutionalized in state regulations. Organic standards were initially developed by local and national associations and internationally harmonized by the International Federation of Agricultural Movements (IFOAM). IFOAM is a strong democratic membership organization comprised of 75 groups from around the world, two-thirds of whom are from the global South (IFOAM, 2005). IFOAM has well-elaborated organic coffee standards and certification procedures that are periodically reviewed and revised. Annual monitoring is done by independent certifying agencies, many accredited by IFOAM, following the most rigorous and bureaucratic auditing procedures found among coffee initiatives (Mutersbaugh, 2002). Organic certification applies to the land under cultivation and is available to production units irrespective of scale. Strict chain of custody requirements limit the co-mingling of Organic with non-Organic items and certified products are clearly labeled at the point of sale.[12] Over recent years national legislation in numerous countries and the United Nations Codex Alimentarius Commission have come increasingly to regulate Organic standards, procedures, labels, and certifying agencies (Raynolds, 2004). Yet Organic certification retains its third-party character since state institutions have largely adopted IFOAM rules.

The remaining three coffee initiatives represent more recent private regulatory efforts. Rainforest Alliance certification, like its more established counterparts, has a solid NGO coordinating organization, the Sustainable Agriculture Network (SAN). Begun as a regional initiative, SAN is a membership organization made up of eight Latin American conservation groups and the US-based Rainforest Alliance secretariat (RA, 2005). Neither coffee farmer cooperatives nor coffee labor organizations are represented in SAN. Member representatives comprise the SAN standard setting body, individual member organizations are responsible for annual monitoring and certification using local auditors. To increase its credibility, SAN includes a watchdog member in its decision making body and is working to further separate standard setting and auditing functions (Vallejo and Hauselmann, 2004). Rainforest Alliance certifies farm units of varied size. In keeping with its goal of changing farming practices across a wide swath of agriculture, Rainforest Alliance has in the past mostly certified large-scale producers. Most Rainforest Alliance coffee comes from plantations, but small farmer certification is increasing and small farms now outnumber plantations. The initiative works with small and large roasters. The Rainforest Alliance label is often not used at the point of sale.[13]

The Bird Friendly initiative operates much like its NGO predecessors. A conservation-oriented coordinating body, the Smithsonian Migratory Bird Center (SMBC), is responsible for standard setting. Yet Bird Friendly certification does not totally bypass the state, since the SMBC is a branch of the Smithsonian, a semi-autonomous US government agency that is simultaneously a membership organization (SMBC, 2005). Still, we classify this as a third-party certification system because Bird Friendly rules are not upheld by law. The Bird Friendly initiative bolsters its legitimacy and NGO base via links with Organic certification. Private Organic certifiers approved by SMBC carry out monitoring following Organic procedures. SMBC certification is open to all producers, but small-scale growers predominate. Since the Bird Friendly concept has substantial consumer appeal, products are typically labeled at the point of sale.

Utz Kapeh is the most recently established coffee certification system. This certification was founded by the Dutch coffee retail giant Ahold, working with Guatemalan coffee producers and focuses on meeting the general agricultural practice guidelines developed by the Euro-Retailer Produce Working Group (EurepGAP). Though industry has largely set standards and procedures, the Utz Kapeh foundation has been established to transform this initiative into a third-party certification. The Utz Kapeh foundation board is drawn from coffee companies, development NGOs, and producer cooperatives (UK, 2005a). Monitoring is done by private, initiative-approved certifiers. Farms are monitored and certified, but the coffee is not certified unless its sale is registered in Utz Kapeh's tracking system. More than any other initiative, Utz Kapeh addresses large retailers' traceability demands, assuring that all coffee can be

linked to its origin.[14] Large corporate roasters and brand name retailers dominate sales; perhaps half of the coffee sold bears the Utz Kapeh label.[15] Most Utz Kapeh coffee comes from plantations, though there are also a number of small producers.

This analysis finds that governance within all five coffee initiatives is geared to promoting the legitimacy of certification as a form of democratic regulation. The most important factor establishing certification legitimacy is the moral authority of initiative NGOs. All certifications rely on NGOs to establish their independence from corporate and state rule. Claims of independence are most substantiated within Fair Trade and Rainforest Alliance certifications, while NGO engagement only partially moderates corporate influence in Utz Kapeh and state influence in Organic and Bird Friendly systems. While all certification NGOs assert their democratic multi-stakeholder status, the basis for such claims is strongest for Organic and Fair Trade groups. Other initiatives periodically invite multi-stakeholder input, but only Organic and Fair Trade efforts systematically integrate consumer and producer representatives in their coordinating bodies.[16]

The second key factor shaping the legitimacy of private regulatory initiatives is the credibility of certification monitoring. Monitoring bodies vary across initiatives. Organic, Bird Friendly, and Utz Kapeh use private companies that are independent but have variable, potentially profit-motivated procedures. SAN members organize Rainforest Alliance monitoring, raising potential conflict of interest critiques. Fair Trade has introduced the most credible (though not necessarily the most efficient) system using an independent non-profit monitoring group.[17] Monitoring procedures vary between those designed for small farmers and plantations; yet credible auditing systems operate in both production systems.[18] Network transparency from coffee production to sale is central to monitoring credibility and certification legitimacy. The participation of large numbers of producers and retailers fosters public scrutiny in Organic and Fair Trade networks. In contrast, certifications oriented toward large producers and retailers, like Utz Kapeh and Rainforest Alliance, are less transparent and more susceptible to corporate manipulation.

## Environmental and social standards

Private regulatory initiatives are distinguished by the specific standards they establish and uphold. Certification standards in the sustainable coffee sector specify acceptable production processes, forms of market coordination, and terms of participation. Though all five coffee certifications address issues of environmental and social sustainability, actual standards vary significantly as noted in Table 2. We analyze the nature of production, trade, and market standards in each of the coffee initiatives to assess the degree to which these standards *hold the bar*, halting the decline in existing conditions, or *raise the bar*, thus potentially enhancing sustainability in the coffee sector.

In keeping with its mission, Fair Trade has by far the strongest social justice and development standards across the commodity chain. Fair Trade general social standards include nine key International Labour Organization (ILO) labor conventions (FLO, 2005).[19] Unlike other initiatives, Fair Trade requires that coffee be produced by small farmers organized into politically independent democratic associations. This requirement builds local capacity and oversight. Fair Trade standards cover only basic environmental criteria. Yet roughly half of Fair Trade coffee satisfies Organic requirements and is double certified. Fair Trade standards set both minimum and progress rules. As a FLO representative explains, ''Our development approach means that we set entry standards which are not too high, so that poor producers can enter Fair Trade, but then use progress standards to foster improvements'' (FLO representative, personal communication, 2005). Fair Trade is unique in guaranteeing prices, including a minimum price, social premium, and organic premium. The Fair Trade floor price has been well over the market price for most of the past decade, generating much needed income for poor producers.[20] The social premium funds community social services, ecological efforts, and coffee quality improvements. Fair Trade is the only initiative that specifies standards for coffee importers – requiring adherence to established prices, commitment to long-term contracts, and pre-financing – beyond importer and chain of custody documentation (Raynolds, 2000).

Organic certification has the most rigorous environmental standards among the coffee initiatives. Organic standards relate to particular farm management practices involving the rejection of synthetic chemical fertilizers, pesticides, and pharmaceuticals, the use of natural methods of enhancing soil fertility and resisting disease, and the protection of eco-systems through the restriction of land clearing and soil and water conservation practices (IFOAM, 2005). The toughest standards are those restricting certain agricultural inputs. Farmers must keep detailed records of all input use and farm activities and a conversion period is required. Though Organic rules are often assumed to have a social dimension, social standards are in fact weak and voluntary. IFOAM states that producers are expected to uphold key ILO conventions and it has an optional Code of Practice for Organic Trade addressing contract transparency and pricing. IFOAM is working to forge ''inspectable'' social standards, but these will be very hard (if not impossible) to get integrated into legally codified certification rules. Organic

**Table 2.** Key conditions of major coffee regulatory initiatives.

| Initiative | Social production specifications | Ecological production specifications | Trade specifications | Producer price premiums (Arabica) |
|---|---|---|---|---|
| Fair Trade | Standards for democratic organization, collective use of social premium, and upholding 10 ILO conventions (rights to association and collective bargaining, freedom from discrimination and unequal pay, no forced or child labor, minimum social and labor conditions, rights to safe and healthy working conditions).[a] | Standards for reduction in agrochemical use, reduction and composting of wastes, promotion of soil fertility, prevention of fires and avoidance of GMOs.[a] | Standards for trade relationship, long-term contracts, and credit advances. | Guaranteed price floor (US$ 1.21 per pound) and social premium (US$ 0.05) corresponding to a US$ 0.59/lb premium in 2004. Additional US$ 0.15 per pound guaranteed for organic coffee. |
| Organic | No social standards required for certification, but IFOAM members are expected to uphold key social standards.[b] | Standards barring use of synthetic herbicides, fungicides, and pesticides and GMO and chemically treated plants; land clearing restrictions. | None | Varies with the market: estimated at US$ 0.15–0.35/lb in 2004. |
| Utz Kapeh | Standards upholding eight ILO conventions (rights to association and collective bargaining, freedom from discrimination, no forced or child labor, minimum social and labor conditions).[c] | Standards for protection of primary and secondary forests.[c] | None | Varies with the market: estimated at US$ 0.01–0.15/lb in 2004. |
| Rainforest Alliance | Standards for fair treatment and good conditions for workers upholding key ILO conventions (freedom from discrimination and unequal pay, no forced or child labor), occupational health and safety, and community relations. [d] | Standards for ecosystem and wildlife conservation, integrated crop management and integrated management of wastes. [d] | None | Varies with the market: estimated at US$ 0.10–0.20/lb in 2004. |

**Table 2.** Continued

| Initiative | Social production specifications | Ecological production specifications | Trade specifications | Producer price premiums (Arabica) |
|---|---|---|---|---|
| Shade/Bird Friendly | None | Requires organic certification. Additional standards for shade cover, canopy structure, secondary plant diversity and stream buffers. | None | Varies with the market: estimated at US$ 0.07–0.10/ lb in 2004. |

*Sources*: Data are from interviews with initiative representatives and initiative documents.[a] These are FLO entry requirements. They also have progress requirements in these areas.[b] IFOAM members are expected to uphold key ILO conventions (rights to association and collective bargaining, freedom from discrimination), and employed children are to be given educational opportunities.[c] These are Utz Kapeh major requirements. They also have additional minor requirements.[d] These are Rainforest Alliance critical criteria. They also have numerous additional expectations.

standards go beyond production only in mandating traceability and restricting product co-mingling. Trade and price relations are left unspecified and importers unregistered. Certified Organic coffee commands a substantial premium, but this is not guaranteed.

Rainforest Alliance standards involve social and more extensive ecological criteria aimed at protecting people and the environment. Social standards focus on compliance with national labor legislation and nationally ratified ILO conventions, freedom to organize, occupational health and safety, housing, and community relations (RA, 2005). Rainforest Alliance social standards prioritize worker protection and are narrower, yet more rigorous in this area, than Fair Trade's producer empowerment oriented standards.[21] Rainforest Alliance's environmental standards are the broadest, covering ecosystem and wildlife conservation, integrated crop management and agrochemical restrictions, soil and water conservation, and waste management. Their agrochemical criteria are weaker than Organic standards and shade criteria are weaker than Bird Friendly standards. Elucidating the strategic difference between these initiatives Rainforest Alliance representatives justify their shade standards, noting "Some farms just can't do it (meet Bird-Friendly criteria). You have to work with the farmers. You can't be dogmatic." They similarly justify their agro-input rules, arguing that their "standards afford a realistic ... way for farms of all sizes to move toward independence from agrochemicals" (RA, 2005). Rainforest Alliance has no distributor standards beyond labeling and handling rules nor does it set prices. Certified coffee generally receives a solid premium. Rainforest Alliance's focus on farm management and reliance on market forces encourages corporate engagement.[22] A representative reconfirms that Rainforest Alliance is seen as more business friendly than some certifications, noting: "At times companies turn to us because they don't want to pay the Fair Trade price. We don't force it. Our philosophy (of engagement) puts us in a different light" (RA representative, personal communication, 2005).

Utz Kapeh coffee standards include social and environmental criteria and EurepGAP's rigorous traceability requirements (UK, 2005a). Following a corporate responsibility approach, Utz Kapeh standards are laid out in a Code of Conduct that defines "the minimum requirements for responsible coffee production" (UK, 2005a).[23] Utz Kapeh's social standards are similar to Rainforest Alliance's and focus on compliance with national labor legislation and nationally ratified ILO conventions and occupational health and safety. Both initiatives prioritize on-farm protection of farmers and laborers over broader social development. Utz Kapeh's environmental criteria focus on responsible use of agrochemicals and minimizing erosion, energy use, and pollution, but are less stringent than those of Rainforest

Alliance. Utz Kapeh requires extensive record keeping and chain of custody documentation to satisfy the audit trail requirements of corporate distributors. Maintaining its business friendly approach Utz Kapeh does not regulate prices, though producers generally receive a modest premium.[24]

As its name implies, Bird Friendly certification revolves around standards that protect migratory bird habitat through rules related to the extent of shade cover, particular canopy structure, diversity of secondary plants, and maintenance of buffer zones (SMBC, 2005). Bird Friendly criteria are without doubt the most rigorous standards related to shade cover but do not extend into related environmental issues. In recognition of this, Bird Friendly certification has in recent years made Organic certification also mandatory (Philpott and Dietsch, 2005). Bird Friendly certification does not include social production or trade standards. Prices are not specified, but producers generally receive a slight premium over and above the Organic premium.

Our analysis finds critical differences in the standards utilized in the five regulatory initiatives that determine whether certification helps hold the bar on social and environmental conditions or actually raises the bar, bolstering sustainability in the coffee sector. In the social arena, Organic and Bird Friendly certifications have no set standards. The other certifications have social standards that build on existing labor and safety laws and accepted ILO conventions. Rainforest Alliance and Utz Kapeh essentially reproduce these regulations, reinforcing state protections and holding the bar on social conditions in production, particularly within mainstream coffee sectors. Fair Trade, in contrast, pursues a strategy of raising the bar on social standards by elevating (1) production standards by supporting democratic organizations and funding social programs and (2) trade standards by stipulating price and contract requirements. The strategic divide between initiatives that seek to hold vs. raise social standards corresponds to a distinction between those taking a more business friendly, labor "protection" approach and a more worker friendly, labor "rights" perspective.

In the environmental arena, the hierarchy of standards is less clear, but two certifications go furthest in raising the bar on ecological expectations. Organic standards are the strongest in restricting agro-chemical input use; Bird Friendly standards are the strongest in maintaining forest canopy. Though these certifications are more stringent in some areas than others, both are dedicated to raising the bar and significantly improving ecological conditions. Rainforest Alliance has broad conservation standards, but its business friendly orientation promotes what it calls a "realistic" strategy that may raise environmental standards, but only incrementally. Utz Kapeh's environmental criteria – like its social criteria – fits a strategy of holding the bar, reinforcing but not raising existing conditions in mainstream coffee production. Fair Trade also largely maintains ecological standards, except in encouraging producers to become Organic certified.

**Production and market dimensions in certified coffee**

Private regulatory systems are often characterized as being "market-driven," meaning that participation is promoted via higher prices, market access, and positive publicity rather than legal requirements (Cashore et al., 2004). Enterprises must voluntarily uphold certification standards across the commodity chain even though this may involve substantial cost and inconvenience. Producer participation in coffee certification is encouraged via positive social and environmental benefits and farm gate price premiums. Coffee roaster and distributor participation is encouraged via positive publicity, retail price premiums, and growing sales in an otherwise stagnant coffee market. As summarized in Table 3, there are marked differences in the five coffee initiatives' production and market profiles and thus their potential impact on sustainability.

Organic certification has the broadest global production and market network and largest coffee volume. Due to its decentralization, Organic statistics are hard to gather and estimates of certified coffee export volumes range from 26,000 to 53,000 metric tons per year (Algra, 2004; Ponte, 2004). Organic coffee is exported from at least 27 countries, with major Latin American producers of Arabic coffee dominating exports (Kilcher et al., 2002). Mexico and Peru lead the market, but exports are growing across Latin America. Organic Robusta coffee exports from Africa and Asia are also increasing. Sales of Organic coffee are concentrated in Europe and North America. In 2000, 9,000 tons of Organic coffee were sold in Europe, much of it in Germany (Giovannuci and Koekoek, 2003), while the United States and Canada consumed about 3,000 tons (Giovannucci, 2001). Organic coffee sales are rising by 15% per year (Lewin et al., 2004). In the United States, 45% of coffee drinkers are aware of Organic coffee and 26% of those purchase it (NCA, 2004). Organic coffee is widely available in North America and Europe, and it is sold in supermarkets and institutional venues and corporate roasters and supermarket brands now have Organic coffee lines (Raynolds, 2004).

Fair Trade is the second largest certification initiative, with coffee produced and consumed on a global scale. Though export volumes are unavailable, Fair Trade sales amount to almost 32,000 metric tons. There are currently 197 FLO registered coffee producer groups, representing over 670,000 farmers. Fair Trade coffee is produced in 24 countries around the world, with 84% of exports

**Table 3.** Production regions, markets, and volumes 2004.

| Initiative | Production Regions[a] | Market Regions[a] | Volumes (metric tons green)[b] |
|---|---|---|---|
| Fair Trade | Largely Latin America, some Africa and Asia | Europe, North America, some Japan/Australia | 31,859 |
| Organic | Largely Latin America, some Africa and Asia | Europe, North America, Japan/Australia, some Latin America | 35,640 |
| Utz Kapeh | Largely Latin America, some Africa and Asia | Europe, Japan, some North America | 21,000 |
| Rainforest Alliance | Latin America | North America, some Europe, Japan/ Australia, Brazil | 27,000 |
| Shade/Bird Friendly | Latin America only | North America, some Japan | 1,700 |

*Sources*: All data are from interviews with initiative representatives and initiative documents. [a]Regions are listed in order of importance.[b]Volume figures are not equally reliable or directly comparable. Fair Trade and Utz Kapeh figures are probably the most reliable since they are collected regularly by the initiatives; the others are estimates. Fair Trade has the most restrictive figures, reporting the **sales** volume of certified coffee. The other initiatives report the substantially larger production or export figures. Utz Kapeh figures refer to all the coffee produced by certified farms registered with the initiative. Organic figures refer to all coffee produced on certified land. Rainforest Alliance and Bird Friendly figures include all coffee produced by certified farms.

originating in Latin America. Mexico is by far the largest supplier. Fair Trade certified coffee is sold in 17 European countries, in Canada, the United States, Japan, Australia, and now Mexico. Europe consumes about 79% of all Fair Trade coffee (FLO, 2005). The United States has the largest national Fair Trade coffee market with sales of about 4,000 tons and growth rates of 93% per year. Only 12% of US coffee drinkers are aware of Fair Trade coffee's availability, but almost half of these people buy it (NCA, 2004). Initially sold by small-socially conscious roasters/distributors, Fair Trade coffee is now sold by large corporations like Green Mountain Coffee Roasters and Starbucks in supermarkets, cafe chains, institutional venues, and gas stations (TransFair USA, 2005).

Rainforest Alliance certified coffee exports amount to about 27,000 tons, making it the third largest initiative. Rainforest Alliance is an initiative of the Americas, but its production and marketing scope is increasing. Established Rainforest Alliance producers are located in ten Latin American countries; production in Asia and Africa is on the rise. The majority of Rainforest Alliance coffee is now sold in the United States, though sales are rising in Europe, Canada, Australia, and Japan (RA, 2005). Until recently specialty roasters have purchased most Rainforest Alliance coffee, but this initiative has entered the mainstream through alliances with Kraft Foods and other large coffee companies.

Utz Kapeh is currently a minor player in coffee certification, but it is growing very rapidly. Initially produced only in Guatemala, Utz Kapeh coffee is now grown in eight Latin American, five African, and three Asian countries (UK, 2005a). Utz Kapeh certification is spreading particularly rapidly in the plantation sector. Utz Kapeh's growth is fueled by its focus on mainstream markets and integration of lower quality coffees. Until recently Ahold, Utz Kapeh's Dutch corporate founder, purchased most of its coffee, but Utz Kapeh has increased its market coverage, with registered roasters in nine European countries, the United States, Japan, and Brazil (UK, 2005a). Large corporate distributors like Sara Lee and Safeway have joined Ahold in selling Utz Kapeh coffee.

Bird Friendly certification remains the smallest initiative. In keeping with its mandate to protect birds that migrate between Central and North America, Bird Friendly remains an initiative of the Americas. Certified coffee is only produced in eight Latin American countries and is all of the high altitude Arabica variety (SMBC, 2005). Bird Friendly coffee is sold largely in North America by small specialty roasters but is entering the Japanese market under the auspices of a large corporate distributor.

While the size and geographic scope of certified coffee networks vary, all five initiatives are expanding rapidly and thus have the potential to make significant impacts on social and environmental sustainability. Well-established Organic and Fair Trade systems currently have the largest coffee volumes and most global production and marketing. Yet the amount of coffee certified by Utz

Kapeh and Rainforest Alliance appears to be increasing the fastest due to the rapid integration of large-volume plantations. Certified coffee production has largely been concentrated in Mexico and Central America, the major regions producing gourmet Arabica coffee. But as certified coffee enters the mainstream market and is utilized increasingly in blends and espresso drinks, initiatives are incorporating other coffees from Africa, Asia, and South America. Certified coffee sales are concentrated in Europe and North America, but are expanding into new markets. While the growth of all these coffee initiatives suggests that their regulatory norms and practices can indeed influence sustainability, potential gains are weakened by the fact that certifications that largely hold the bar on existing standards to foster corporate engagement are growing the most rapidly.

## Conclusions

This analysis finds that voluntary certification and labeling initiatives are becoming increasingly important vehicles for regulating sustainability in coffee, like other commodity areas. Though only a small share of the global coffee trade is currently certified, this market is booming. In coffee, as in other sectors, certification initiatives are frequently heralded as the most promising way to fill the regulatory vacuum created by rising globalization and declining state regulation of environmental and social relations. We conclude that private regulatory initiatives may help promote social and environmental sustainability. Nevertheless, there are important differences between certifications that delimit their potential position impacts, and there are important limits to the degree to which these initiatives can replace public regulations.

Certification initiatives in coffee, as in other commodities, rely on NGOs to establish their independence from corporate and state interests and enhance their legitimacy and credibility. We find that while certifications may identify themselves as third-party, multi-stakeholder efforts, at times the basis for such claims may be weak. In the coffee sector, Utz Kapeh resembles a second-party certification, since the NGO base has been created after the fact largely to legitimate a system that appears to cement the power of dominant distributors. This case demonstrates how certification may be used by name-brand distributors in ''buyer-driven'' commodity chains to enhance their control and capture market shares (Gereffi, 1994). While our analysis suggests that other major coffee certifications have solid NGO coordinating bodies, their democratic basis proves not to be guaranteed. Rainforest Alliance, for example, has a strong NGO base, but it excludes small-farmers, workers, and consumers. Limited public participation and scrutiny fuels concerns about potential corporate influence, particularly in an initiative that pursues a strategy of corporate engagement. Organic and Bird Friendly certifications also have solid NGO bodies, but in both cases state ties limit their independence. The challenge to the democratic potential of private regulations are clearest in the Organic sector where democratic actions within IFOAM can do little to alter legally codified organic certification standards. Fair Trade stands out as having the strongest democratic NGO base of all the major coffee certifications. Yet, even here, participation is limited by the character of certification itself.

Certification is a fundamentally private, not public, strategy and limits to democratic participation must be acknowledged. All the major certifications in coffee, as in other commodities, were established by Northern institutions. Coordinating NGOs may provide openings for broader engagement, including the participation of groups from the global South, yet this is unlikely to fundamentally alter an initiative's mission or priorities. Certifications reflect Northern-based standards and procedures and may raise barriers to entry for producers. While it may not be possible to make private regulatory initiatives fully democratic, all efforts should be made to integrate producers and consumers in coordinating bodies and at the very least make certification systems transparent and accountable. At the production end, certification procedures must be clearly communicated to direct producers (whether small farmers or hired laborers), and they must be involved in upholding these expectations. At the consumption end, information on initiative standards must be provided and items must be labeled so that consumers can discern among commodities. Though our analysis points to weaknesses in the democratic nature and transparency of some certifications, private regulatory structures are quite changeable, and there are signs of significant improvements.[25]

Our research finds significant differences in certification standards among sustainability initiatives. In the coffee sector, Fair Trade has the strongest social justice standards, while Organic and Bird Friendly certifications have the strongest ecological standards. These three certifications establish standards that raise the bar, requiring sustainability conditions well above generally accepted norms. These efforts *empower* producers, in the case of Fair Trade, and ecological systems, in the case of Organic and Bird Friendly initiatives, fundamentally increasing sustainability in segments of the coffee industry. The distinctive yet complementary character of these efforts is demonstrated by the rise in dual and sometimes even triple certification across these initiatives. In contrast, initiatives like Utz Kapeh and Rainforest Alliance use standards largely to hold the bar and guarantee minimum requirements in the mainstream coffee industry. These efforts seek to *protect* producers and the environment by shoring up established

regulations. While upholding existing social and environmental regulations is a laudable goal, we propose that private certifications can and should do more.

We are likely to see growing tension between certifications that hold the bar on social and environmental conditions and those that raise the bar, with market forces favoring the former approach. In coffee, we find that certifications that largely maintain existing norms and practices have generally enrolled large-scale industry players, while those that significantly raise standards have engaged smaller-scale producers and distributors. Yet as the certified coffee market has grown and become more mainstream, direct competition has risen and higher standard certifications are facing growing pressure from lower standard initiatives. While certification depends on market success, market success reasserts conventional commercial expectations and challenges more progressive standards (Raynolds, 2004). The vulnerability of private initiatives to market pressures highlights the need for strong public regulations that hold the bar on social and environmental conditions. For private initiatives to have the greatest impact they should raise the bar – proving that more socially and environmentally sustainable production is possible and desirable.

In short, there is a strong complementary and dynamic relationship between public and private regulation in promoting social justice and ecological concerns in global markets. For private regulations to advance sustainability, coordinating NGOs must build support for existing public social and environmental regulations as well as create democratic and accountable certification systems that uphold substantially higher standards for labeled commodities. State institutions, meanwhile, cannot abdicate responsibility for social and environmental regulation, though they should be able to count on constituencies consolidated by private initiatives to defend existing state regulations and to lead the search for more sustainable practices. Under these conditions, private regulatory initiatives working in tandem with public regulations can reinforce and extend social justice and environmental sustainability in production, trade, and consumption arenas around the world.

**Acknowledgements**

We thank the representatives of the certification initiatives analyzed here for taking the time to explain their organization's strategies and procedures. We also thank the Ford Foundation, Community and Resource Development Program for funding research that informs this analysis. The views presented here are the responsibility of the authors and should not be attributed to these individuals or organizations.

**Notes**

1. It is beyond the scope of this article to systematically assess the impacts of each certification initiative. The cited studies provide useful analyses of the impacts of specific certifications in specific regions; Murray et al. (2003) and Raynolds et al. (2004) provide cross-national comparisons. Though there is rising interest in rigorous comparative impact studies across certifications, this effort has been largely thwarted by the methodological difficulties in matching research sites and isolating certification impacts.
2. In these interviews and electronic exchanges initiative representatives were asked to review our analysis and correct any errors. This input was in all cases helpful. Nevertheless, the interpretation presented here is ours and does not reflect initiative staff views. On some points representatives disagree with us, particularly when their initiative is portrayed in a less favorable light. We note these alternative interpretations in our analysis particularly when they illustrate divergent outlooks on the role of private regulation in coffee.
3. See Gereffi et al. (2005) for an elaboration of the nature of firm governance and an updated typology of governance patterns in global commodity chains.
4. See Dolan and Humphrey (2000), Ponte and Gibbon (2005), and Raynolds (2004) for more on the strengths and weaknesses of the commodity chain approach.
5. Some argue that the C.A.F.E. program is a second party system, since Starbucks created the standards, but monitoring is increasingly done by private certifiers.
6. The information provided in the following sections comes from our personal interviews as well as cited sources.
7. FLO is still growing. New groups in Mexico, Australia, and New Zealand are completing the membership process, while groups in Brazil and South Africa are initiating it (FLO, 2006).
8. The FLO Board has changed greatly in recent years, adding producer, buyer, and consumer representatives. This broader base allows Fair Trade ''to not be an external system, but to be an initiative of the participants themselves'' (FLO representative, personal communication, 2005).
9. The International Organization for Standardization (ISO) Guide 65 outlines standards for certification. Though guidelines set by this public/private entity are voluntary, compliance is increasingly expected in international markets.
10. Whether FLO certification should be open to coffee plantations is hotly debated.

11. Other initiatives require importer registration to ensure the payment of fees and chain of custody documentation. Only Fair Trade has audited importer standards.
12. To be labeled Organic, at least 95% of coffee must be certified. The Organic system has very rigorous chain of custody and audit document requirements that extend from the point of production to the point of sale. This system seeks to guarantee the integrity of the Organic item and limit its potential contamination by non-Organic items.
13. The Rainforest Alliance seal may be used if over 90% of the coffee is certified. If 30%–90% is certified, the seal may be used if that portion is noted. Infrequent label use is not a big concern, since proprietary seals can hinder their mission of "raising the standards of all" (RA representative, personal communication, 2005).
14. Utz Kapeh has rigorous traceability requirements. Producers must report their sales to Utz Kapeh to get a coffee tracking number. Roasters and distributors must use this number to verify purchases and access the Utz Kapeh label.
15. To use the Utz Kapeh label, 90% of coffee must be certified. An initiative representative estimates that half of Utz Kapeh coffee is blended and has no seal.
16. Rainforest Alliance excludes labor and producer groups in SAN. Utz Kapeh now has producer group representation on its board, but it is not clear that this can effectively counter the initiative's corporate ties. Though less participatory, it could be argued that these certifications are more efficient.
17. Most initiatives are moving toward ISO 65 compliance in separating standard setting and monitoring functions (see note 9).
18. Only Fair Trade coffee certification excludes plantations. Others permit large enterprises, but initiative priorities may limit (e.g., Bird Friendly certification) or encourage plantation participation (e.g., Rainforest Alliance and Utz Kapeh initiatives).
19. FLO also has product specific criteria and standards that apply these general concepts to small farmer production units.
20. The world coffee price rose in 2005. While this makes the Fair Trade price premium less crucial for producers today, this instability speaks to the need for guaranteed prices.
21. Due to these worker health and safety standards, representatives argue that Rainforest Alliance has "the highest social certification standards" (RA representative, personal communication, 2005). Our divergent view is based on broader social concerns including worker/producer rights as well as protections.
22. Rainforest Alliance differentiates itself from Fair Trade, noting that while "Fairtrade is...designed to give disadvantaged farmers a guaranteed price for their products...SAN standards focus on how farms are managed" (2005).
23. Utz Kapeh differentiates itself from efforts like Fair Trade that have a "developmental mission" and positions itself within the mainstream market. Utz Kapeh is active in the Common Code of the Coffee Community and "recognizes its similar goal and ambition to set a world wide standard for responsible coffee production" (UK, 2005b).
24. Utz Kapeh initially established a premium to be paid when world market prices fell below an established floor, but this has been abandoned.
25. There have been major changes recently in Fair Trade certification; Rainforest Alliance reports that changes in these areas are underway.

## References


Algra, J. (2004). *"Tendencias del mercado y situación actual de los cafés especiales." (Market tendencies and current situation of specialty coffees), Powerpoint presentation*. Montelimar, Nicaragua: Twin Trading.

Bacon, C. (2005). "Confronting the coffee crisis: Can fair trade, organic, and specialty coffees reduce small-scale farmer vulnerability in northern Nicaragua?." *World Development* 33(3): 497–511.

Barham, E. (2002). "Towards a theory of values-based labeling." *Agriculture and Human Values* 19(4): 349–360.

Barrientos, S. (2000). "Globalization and ethical trade: What are the implications for development?." *Journal of International Development* 12(4): 559–570.

Bray, D. B., J. L. Plaza Sánchez, and E. Contreras Murphy (2002). "Social dimensions of organic coffee production in Mexico: Lessons for eco-labeling initiatives." *Society and Natural Resources* 15(5): 429–446.

Busch, L. and C. Bain (2004). "New! Improved? The transformation of the global agrifood system." *Rural Sociology* 69(3): 321–346.

Cashore, B., G. Auld, and D. Newsom (2004). *Governing through Markets: Forest Certification and the Emergence of Non-State Authority*. New Haven, Connecticut: Yale University Press.

CCCC (Common Code for the Coffee Community) (2005). CCCC homepage. Accessed on November 8, 2005 at www.sustainable-coffee.net.

Dankers, C. and P. Liu (2003). *Environmental and Social Standards, Certification and Labelling for Cash Crops*. Rome, Italy: Food and Agriculture Organization.

Daviron, B. and S. Ponte (2005). *The Coffee Paradox: Commodity Trade and the Elusive Promise of Development*. London, UK: Zed Books.

Dolan, C. and J. Humphrey (2000). "Governance and trade in fresh vegetables: The impact of UK supermarkets on the African horticulture industry." *Journal of Development Studies* 37(2): 147–176.

Esbenshade, J. (2004). *Monitoring Sweatshops*. Philadelphia, Pennsylvania: Temple University Press.

FLO (Fairtrade Labelling Organizations International) (2005). FLO homepage. Accessed on November 8, 2005 at www.fairtrade.net.

FLO (Fairtrade Labelling Organizations International) (2006). Delivering opportunities: Annual report 2004/2005. Accessed on March 15, 2006 at www.fairtrade.net.

Freidberg, S. E. (2003). "Cleaning up down south: Supermarkets, ethical trade and African horticulture." *Social & Cultural Geography* 4(1): 27–43.

Gereffi G. (1994). "The organization of buyer-driven global commodity chains". In Gereffi G. and M. Korzeniewicz (eds.), *Commodity Chains and Global Capitalism* (pp. 95–122). Westport, Connecticut: Praeger.

Gereffi, G., R. Garcia-Johnson, and E. Sasser (2001). "The NGO-industrial complex." *Foreign Policy* 125: 56–65.

Gereffi, G., J. Humphrey, and T. Sturgeon (2005). "The governance of global value chains." *Review of International Political Economy* 12(1): 78–104.

Giovannucci, D. (2001). *Sustainable Coffee Survey of the North American Specialty Coffee Industry*. Long Beach, California: Specialty Coffee Association of America.

Giovannucci, D. and F. J. Koekoek (2003). *The State of Sustainable Coffee: A Study of Twelve Major Markets*. London, UK: International Coffee Organization and International Institute for Sustainable Development.

Giovannucci, D. and S. Ponte (2005). "Standards as a new form of social contract? Sustainability initiatives in the coffee industry." *Food Policy* 30: 284–301.

Griswold, D. (2000). "The future of sustainable coffee." *Gourmet Retailer* 21(11): 48–49.

Higgins, V. and G. Lawrence (eds.) (2005). *Agricultural Governance: Globalization and the New Politics of Regulation*. London, UK: Routledge.

Hughes, A. (2001). "Global commodity networks, ethical trade and governmentality: Organizing business responsibility in the Kenyan cut flower industry." *Transactions of the Institute of British Geographers* 26(4): 390–406.

IFOAM (International Federation of Organic Agriculture Movements) (2005). IFOAM homepage. Accessed on November 8, 2005 at www.ifoam.org.

Jessop, B. (1995). "The regulation approach, governance and post-Fordism." *Economy and Society* 24(3): 307–333.

Keck, M. and K. Sikkink (1998). *Activists Beyond Borders: Advocacy Networks in International Politics*. Ithaca, New York: Cornell University Press.

Kilcher, L., M. Schäfer, T. Richter, P. Berge, J. Milz, R. Foppen, and A. Theunissen (2002). *Organic Coffee, Cocoa and Tea: Market, Certification and Production Information for Producers and International Trading Companies*. Frick, Switzerland: FiBL (Research Institute of Organic Agriculture).

Klein, N. (1999). *No Logo*. New York, NY: Picador Press.

Konefal, J., M. Mascarenhas, and M. Hatanaka (2005). "Governance in the global agro-food system: Backlighting the role of transnational supermarket chains." *Agriculture and Human Values* 22(3): 291–302.

Lewin, B., D. Giovannucci, and P. Varangis (2004). *Coffee Markets: New Paradigms in Global Supply and Demand*. Washington, DC: The World Bank.

Marsden, T., A. Flynn, and M. Harrison (2000). *Consuming Interests: The Social Provision of Foods*. New York, NY: Routledge.

Murdoch, J., T. Marsden, and J. Banks (2000). "Quality, nature, and embeddedness: Some theoretical considerations in the context of the food sector." *Economic Geography* 76(2): 107–125.

Murray, D., L. T. Raynolds, and P. Taylor (2003). *One Cup at a Time: Poverty Alleviation and Fair Trade Coffee in Latin America*. Fort Collins, Colorado: Colorado State University.

Mutersbaugh, T. (2005). "Fighting standards with standards: Harmonization, rents, and social accountability in certified agrofood networks." *Environment and Planning A* 37: 2033–2051.

Mutersbaugh, T. (2002). "The number is the beast: A political economy of organic-coffee certification and producer unionism." *Environment and Planning A* 34(7): 1165–1184.

NCA (National Coffee Association of USA) (2004). *National Coffee Drinking Trends*. New York, NY: National Coffee Association of USA.

O'Rourke, D. (2003). "Outsourcing regulation: Analyzing nongovernmental systems of labor standards and monitoring." *The Policy Studies Journal* 31(1): 1–29.

Philpott S. and T. Dietsch (2005). *Bird-friendly and Fair Trade Certification: Linking Consumers to Sustainability*. Unpublished manuscript. Washington, DC: Smithsonian Migratory Bird Center.

Ponte, S. (2004). *Standards and Sustainability in the Coffee Sector*. Winnipeg, Canada: International Institute for Sustainable Development.

Ponte, S. (2002). "The 'latte revolution'? Regulation, markets and consumption in the global coffee chain." *World Development* 30(7): 1099–1122.

Ponte, S. and P. Gibbon (2005). "Quality standards, conventions and the governance of global value chains." *Economy and Society* 34: 1–31.

RA (Rainforest Alliance) (2005). Rainforest alliance homepage. Accessed on November 8, 2005 at www.rainforest-alliance.org.

Raynolds, L. T. (2004). "The globalization of organic agro-food networks." *World Development* 32(5): 725–743.

Raynolds, L. T. (2002). "Consumer/producer links in fair trade coffee networks." *Sociologia Ruralis* 42(4): 404–424.

Raynolds, L. T. (2000). "Re-embedding global agriculture: The international organic and fair trade movements." *Agriculture and Human Values* 17(3): 297–309.

Raynolds, L. T., D. Murray, and P. L. Taylor (2004). "Fair trade coffee: Building producer capacity via global networks." *Journal of International Development* 16(8): 1109–1121.

Renard, M. C. (2005). "Quality certification, regulation and power in fair trade." *Journal of Rural Studies* 21(4): 419–431.

Rice, R. A. (2001). "Noble goals and challenging terrain: Organic and fair trade coffee movements in the global marketplace." *Journal of Agricultural and Environmental Ethics* 14(1): 39–66.

SCS (Scientific Certification Systems) (2005). Starbucks C.A.F.E. practices. Accessed on November 8, 2005 at www.scscertified.com/csrpurchasing/starbucks.html.

Slob, B. and J. Oldenziel (2003). *Coffee and Codes: Overview of Codes of Conduct and Ethical Trade Initiatives in the Coffee Sector*. Amsterdam, The Netherlands: SOMO (Centre for Research on Multinational Corporations).

SMBC (Smithsonian Migratory Bird Center) (2005). Bird friendly coffee. Accessed on November 8, 2005 at www.nationalzoo.si.edu/conservationandscience/migratory-birds/coffee.

Talbot, J. M. (2004). *Grounds for Agreement: The Political Economy of the Coffee Commodity Chain*. Lanham, Maryland: Rowman & Littlefield.

Taylor, J. G. and P. J. Scharlin (2004). *Smart Alliance: How a Global Corporation and Environmental Activists Transformed a Tarnished Brand*. New Haven, Connecticut: Yale University Press.

Thévenot L. (1995). ''Des marchés aux normes (Markets in norms)''. In Allaire G. and R. Boyer (eds.), *Régulation et Conventions dans L'Agriculture et L'Agro-Alimentaire*. (*Regulation and conventions in agriculture and agro-foods*) (pp. 33–51). Paris, France: INRA.

TransFair USA (2005). TransFair USA homepage. Accessed on November 8, 2005 at www.transfairusa.org.

UK (Utz Kapeh) (2005a). Utz Kapeh homepage. Accessed on November 8, 2005 at www.utzkapeh.org.

UK (Utz Kapeh) (2005b). Frequently asked questions about Utz Kapeh. Accessed on April 9, 2005 at www.utzkapeh.org/index.php?pageID=10#whatdiff.

Vallejo, N. and P. Hauselmann (2004). *Governance and Multi-Stakeholder Processes*. Winnipeg, Canada: International Institute for Sustainable Development.

Winston, M (2002). ''NGO strategies for promoting corporate social responsibility.'' *Ethics and International Affairs* 16(1): 71–87.

*Address for correspondence:* Laura T. Raynolds, Sociology Department, Colorado State University, Clark Building, Fort Collins, Colorado, USA
Phone +1-970-4915439; Fax +1-970-4912191
E-mail: Raynolds@lamar.colostate.edu