Consumer/Producer Links in Fair Trade Coffee Networks

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The Fair Trade movement critiques conventional production, trade, and consumption relations and seeks to create new more egalitarian commodity networks linking consumers in the global North with marginalized producers in the global South. In the words of TransFair USA (2002), “Fair Trade is an innovative concept that connects producers and consumers in more equitable, more meaningful and more sustainable ways.” In some ways Fair Trade labeling initiatives resemble a growing number of other voluntary certification schemes, including eco-labeling in organic foods and sustainable forest products and labor standard certification in apparel, footwear, textiles, and flowers (Barrientos 2000; Raynolds 2000; Gereffi et al. 2001; Hughes 2001). Yet while these other certification schemes focus only on regulating conditions within the realm of production, Fair Trade initiatives go on to transform trade relations and the multifaceted connections between producers and consumers.

The world market for Fair Trade products is currently valued at US$ 400 million. Though this represents only a minor share of the international market, sales of Fair Trade commodities have boomed in recent years, with sales rising at close to 30 percent per year (Fair Trade Federation 2002). Eight hundred producer organizations in 45 countries of the South are involved in Fair Trade networks, mostly in the production of coffee, bananas, cocoa, and tea (EFTA 1998). Coffee forms the core of Fair Trade networks and is the most widely consumed Fair Trade product in the movement’s European home and in rapidly expanding North American markets. While Fair Trade’s market success is impressive, I suggest that its true significance lies not in its market share (which will presumably always be relatively small), but in its ability to create new consumer / producer links which span the North / South divide. According to the European Fair Trade Association (EFTA 1998, p. 23), “Fair Trade ‘humanizes’ the trade process—making the producer-consumer chain as short as possible.” This article analyzes this assertion, investigating how the huge social and spatial distances between Northern consumers and Southern producers might be ‘shortened’ within Fair Trade networks.

To guide this analysis, I develop a commodity network approach that builds on the commodity chain tradition (e.g. Gereffi 1994), integrating key insights from cultural studies, actor-network theory, and conventions approaches. My revised political economy framework focuses on how individual and collective social actors ideologically and materially construct, maintain, and transform commodity networks. Applied to the
analysis of Fair Trade, this approach reveals how progressive ideas and practices related to trust, equality, and global responsibility are intertwined with traditional commercial and industrial conventions in alternative commodity networks. Focusing on Fair Trade coffee consumption and production in turn, I outline the competing norms and mentalities deployed by key actors in negotiating quality constructions and network relations. I conclude that by re-linking consumers and producers, a commodity network approach provides a robust entre for both the analysis of and political engagement in alternative agro-food networks.

Conceptualizing Consumer / Producer Links in Commodity Networks

Much of the discussion in both academic and activist forums regarding alternative agro-food networks pursues a commodity focused analysis of production, distribution, and consumption. From an academic vantage point, Buttel (2001) suggests that commodity approaches represent one of the most important strands of current agrarian political economy. In recent years, vibrant literatures in sociology, geography, anthropology, economics, and political science have pursued analysis guided by related, though somewhat varied, conceptualizations of commodity chains, commodity systems, filières, and value chains. From an activist standpoint, commodity frameworks and their vocabularies are commonly used to describe the perils of the mainstream agro-food system, identify points of potential transformation, and herald the potential benefits of alternative systems. Within the Fair Trade movement, discourse focuses on how historically exploitative producer consumer chains can be refashioned around ideas of fairness and equality.

Rooted in the political economy tradition, commodity approaches analyze the interconnected processes of raw material production, processing/packaging, shipping, marketing, and consumption embodied in a given commodity or set of related commodities. These approaches emphasize the social and political nature of the organizations and relations involved in the life of a commodity. Different frameworks highlight different facets of producer consumer networks: commodity systems analysis focuses on national labor organization and relations (Friedland 1984), commodity chain analysis focuses on world-wide temporal and spacial relations (Hopkins and Wallerstein 1986), filière analysis focuses on national political regulation and institutions (Lauret 1983), while value chain analysis focuses on international business organization and the extraction of profit (Porter 1990). Building on and combining earlier traditions, Gereffi (1994, p. 97) outlines three key facets of global commodity chains: (1) the interlinking of products and services in a sequence of value-added activities; (2) the organizational and spatial configuration, or territorially, of enterprises forming production and marketing networks; and (3) the power relations, or governance structure, determining how resources are allocated along the commodity chain. Fine and his colleagues develop a related concept of ‘systems of provision’ which emphasizes the material culture surrounding the activities linking production to consumption (Fine and Leopold 1993). The analytical strength of the commodity tradition has been well demonstrated in numerous studies which analyze the economic structure, spatial configuration, social organization, and governance of agro-food (Raynolds 1994; Bernstein 1996; Talbot 1997; Dolan and Humphrey 2000; Gibbon 2001; Hughes
Despite the important insights provided by traditional political economy commodity approaches, this framework has been criticized for presenting an overly static and deterministic view of agro-food systems (Busch and Juska 1997; Goodman 1999; Lockie and Kitto 2000). Based on the constructive elements of these critiques, I propose a revised political economy commodity approach, one that retains a focus on theory and praxis. I suggest that key insights raised in cultural studies, actor-network, and convention approaches can be usefully incorporated into a political economy framework since these concerns are largely compatible with, and sometimes have even been anticipated by, traditional commodity analyses. In particular, a commodity approach can be strengthened via contributions in the analysis of (1) actors and actions in the realm of consumption, (2) symbolic and discursive facets of commodity networks, and (3) competing conventions organizing commodity networks.

Consumption: buyers and consumers

Though one of the major strengths of the commodity framework lies in the injunction to analyze commodity relations from production to consumption, or from field to table, this promise is rarely realized. Most commodity studies in actuality extend only from production to distribution, or from field to supermarket shelf. Gereffi (1994) for example argues that there are two major types of commodity chains: (1) those which are ‘producer driven’ (such as automobiles) where the concentration of capital and proprietary knowledge in production allows producers to dominate the industry and (2) those which are ‘buyer driven’ (such as garments) where brand-name distributors dominate the chain via their control over the design process and market access. A set of recent studies pursue this conceptualization, arguing that agro-food chains are becoming increasingly ‘buyer-driven’ as distributors tighten their control over the organization of supply systems and product specifications (Dolan and Humphrey 2000; Gibbon 2001; Ponte 2002).

Marsden and his colleagues offer a more nuanced analysis, entering the realm of consumption through an emphasis on ‘food politics’ and a linguistic turn from ‘commodity chains’ to what they call ‘food supply’ networks or chains (Arce and Marsden 1993; Marsden 2000; Marsden, Banks and Bristow 2000). Marsden, Flynn and Harrison (2000) pursue a promising multifaceted focus in their study of the interactions of corporations, state policies, and consumer groups in the governance of food supplies. These authors (1) move beyond economistic commodity chain approaches by focusing on government policies and consumer movements and (2) contribute to the specification of network coordination by distinguishing between public and private interest forms of regulation. Yet mirroring buyer-driven approaches, they conclude: “in the UK at least, a retail-led form of food governance has emerged” (Marsden, Flynn and Harrison 2000, p. ix). Without questioning their empirical findings, I suggest that space for actors and actions in consumption in this study may be prematurely closed off by their macro-sectoral, rather than commodity, focus and their emphasis on formal food regulations.

As Leslie and Reimer (1999) argue, a broader more cultural understanding of
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Commodity relations may help balance the traditional structural and productionist focus of commodity studies. These authors propose that commodity chains be understood as interconnected discursive as well as material flows across production and consumption arenas. This approach builds on Appadurai’s (1986) argument regarding the ‘social life of things’, which contends that commodities have mutually constituted symbolic and material values and that analysis must thus focus on the commodity knowledges, as well as practices, of producers and consumers. There is a long and rich tradition in peasant studies focusing on the interconnections between local knowledges, cultures, and production systems. More recently a vast cultural studies literature has emerged which analyzes consumption practices, spaces, and meanings focusing largely on issues of identity, representation, and illusion. Cook and Crang (1996) for example explore how commodity circuits are imagined and reproduced via (partial) consumer knowledges.

While it is important to recognize the ideological as well as material facets of commodities and commodity relations, cultural approaches often go too far in emphasizing the individual, the subjective, and the symbolic. Even sympathetic readers warn of the dangers of losing sight of politics, both as a critical element of analysis and an indispensable entre for action (Leslie and Reimer 1999). The challenge in consumption studies appears to be to maintain a commitment to issues of power and politics, without resorting to overly structural, rigid, unidimensionally ‘driven’ models of what are in reality complex, dynamic, and fluid commodity networks.

From individual to collective knowledges

As Goodman and Dupuis (2002) suggest, recent analyses of commodity knowledge systems provide a useful mechanism for incorporating insights from cultural studies without ignoring the contested and political nature of production consumption relations. Within agro-food studies much of the work in this area has focused on how particular knowledges are tied to organic production and consumption practices (Morgan and Murdoch 2000). There is a substantial literature focusing on the alternative values and knowledges motivating conversion to organic production (Nigh 1997). Recent studies have also begun to analyze how consumer knowledges and motivations work to mobilize organic consumption (Lockie and Lyons 2002). For example, DuPuis (2000) argues that reflexive consumers—understood as individuals who do not necessarily belong to social movements or ascribe to activist goals—may reflect and potentially act upon organic / anti-hormone milk claims contesting the safety assurances of state and mainstream corporate officials. These studies heighten our appreciation of individual knowledge frames and forms of everyday resistance (Scott 1985), but tell us less about how alternative production and consumption ideas and practices are organized and related across agro-food networks.

Efforts to link consumption and production knowledges are often combined with a commitment to network vocabularies aimed at portraying the complexity of social relations connecting multiple actors in dense webs of informational and material interdependence. In economic sociology, network analysis focuses on the socially embedded nature of economic relations and the complex ways in which social actors (individuals, firms, and other organizations) both shape and are shaped
by broader network relations (Granovetter 1985). Moving from a terminology of commodity chains or systems to a network analogy—as I do in this article—facilitates a shift away from a fixed, linear, and unidirectional view of economic firms engaged in commodity production, distribution, and consumption to emphasize the fluid multidirectional flows of material, discursive, and knowledge resources among a variety of individual and collective social agents.

In agro-food studies, network analysis often draws on Latour’s (1993) actor network approach. As Whatmore and Thorne (1997, p. 289) argue, this perspective permits “an understanding of global networks as performative orderings (always in the making), rather than systemic entities (always already constituted).” This fluid and relational understanding focuses attention on (1) how localized agents are able to ‘act at distance’, extending their reach across space via the enrollment of other actants (including humans, nature, and technologies) and (2) how networks woven by the capacities and practices of actants are maintained across time and space (Busch and Juska 1997; Lockie and Kitto 2000). While actor network approaches usefully describe how networks are discursively and materially maintained, this tradition typically obscures network politics, understating differential power relations between key actors and contestations over network meanings and practices. To reclaim a more political and dynamic understanding of agro-food networks, it is helpful to focus analysis on competing constellations of knowledge and power and their relational enactment in the construction and potential transformation of network activities. This endeavor is facilitated through recent contributions in the analysis of quality and conventions.

**Quality and conventions**

The recent shift from Fordist to post-Fordist consumption, distribution, and production patterns in the global North has reduced the emphasis on commodity quantity, standardization, and price and increased the salience of quality in organizing agro-food networks. The ongoing differentiation of agro-food commodities is associated with differential notions of quality which ideologically and materially support varied commodity networks. Numerous studies document how the widespread questioning of agro-industrial values and practices has promoted the rise of alternative agro-food networks based on ecological and locality specific production consumption relations associated with organic, local food shed, and other alternative values (Arce and Marsden 1993; Ilbery and Kneafsey 1999; Murdoch and Miele 1999; Marsden, Banks, and Bristow 2000; Murdoch et al. 2000).

Recent contributions in convention theory provide an insightful framework for analyzing the varied social construction and institutionalization of quality across agro-food networks (Allaire and Boyer 1995; Thévenot 1995). As Wilkinson (1997) suggests, this approach highlights the socially embedded nature of economic activity and identifies the varied ‘rules, norms, and conventions’ which foster commodity production and exchange. Murdoch et al. (2000, p. 114) summarize Thévenot’s characterization of five different quality conventions and modes of coordination: 1. commercial conventions, based on price; 2. domestic conventions, based on trust and drawing on attachments to place and tradition; 3. industrial conventions, based on efficiency and reliability linked to formal testing and
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standards; 4. public conventions, based on well recognized trademarks and brands; and 5. civic conventions, based on evaluations of general societal benefits.

Allaire and Boyer (1995) suggest that different constellations of quality construction, enterprise character, and network coordination are not static but are continuously negotiated in relation to other modalities both within and outside the commodity network. Thus rather than using these conventions as a classification system for commodity networks it appears useful to consider how these different conventions are deployed in quality contestations. As Murdoch et al. (2000, p.122) argue, this type of approach can reveal the politics often obscured by actor network analysis, highlighting “how struggles around quality distribute relations of power within food networks” and how constructions of food quality can be “seen as enabling the exercise of a new kind of power in food networks.” Analysis of how commercial, domestic, industrial, public, and civic conventions are differentially deployed by key actors strengthens our understanding of tensions as well as agreements within agro-food networks.

Convention approaches are theoretically compatible with political economy and cultural network traditions and help provide mid-level concepts for analyzing differential modes of coordination, normative constructions, and power relations within and between commodity networks (Wilkinson 1997; Raikes et al. 2000). Convention analyses move beyond a productionist focus to investigate how actors materially and ideologically engage particular norms, rules, and quality constructions across production, distribution, and consumption arenas. Though this type of approach is firmly political, it eschews the search for a single network ‘driver’, focusing instead on contestations over divergent qualifications and how collective enrollment in particular conventions permits forms of control at a distance (Murdoch et al. 2000). Convention approaches analyze both the inter-subjective construction of meanings and knowledges (issues typically associated with cultural and network studies) and the organized practices, mentalities, and instruments which characterize network governance (issues typically associated with political economy). In so doing, convention studies suggest how political economy approaches can effectively respond to post-structuralist critiques to illuminate the simultaneity of structure and agency in commodity networks, where individual and collective actors both shape and are shaped by network relations. In the remainder of this article, I explore how insights from political economy, cultural studies, actor network, and convention approaches can inform the analysis of, and political engagement in, Fair Trade agro-food networks.

The Creation of Fair Trade Networks: Negotiating Competing Conventions

The Fair Trade concept and its institutionalization via alternative coffee networks grows out of the work of numerous individuals and groups seeking to challenge the historically exploitative character of world trade. These initiatives challenge assumptions that conventional prices represent a legitimate instrument for valuing commodities and organizing international exchange, questioning what convention approaches refer to as commercial quality norms – in which price is seen as fully encapsulating value—and commercial modes of economic coordination – in which impersonal market relations and institutions dominate (Allaire and Boyer 1995; Thévenot 1995). The Fair Trade movement destabilizes neo-liberal knowledge claims
regarding the normalcy of commercial conventions through a reconsideration of the meaning of ‘fairness’ in commodity prices, market exchanges, and North South relations. In the words of the European Fair Trade Association (2001, pp.1-2), “The fundamental characteristic of fair trade is that of equal partnership and respect...The idea of the ‘invisible hand’ has given way to the idea of working ‘hand in hand’, with the market regulated by democratic authorities.” As this quote suggests, Fair Trade involves the construction of alternative knowledge systems as well as commodity networks.

Alternative trade organizations linked to church and development groups were the first to put Fair Trade ideas of ‘equality’ and ‘partnership’ into practice, purchasing products directly from poor producers in the South at above world market prices and selling products through their own specialty shops.3 These alternative trade networks envision and enact ‘a mode of ordering of connectivity’ (Whatmore and Thorne 1997), where discursive and material relations are based on a revaluation of ‘trust’. Trust in conventions theory is depicted as a characteristic of domestic conventions having to do with sentimental attachment to place and tradition (Thévenot 1995). Research on alternative agro-food networks has generally emphasized the ‘localness’ of domestic qualifications tied to subjective knowledge, face-to-face relations, and spatially proximate production (Murdoch et al. 2000; Nygard and Storstad 1998). Yet as Marsden, Banks, and Bristow (2000, p. 425) suggest:

“it is not the number of times a product is handled or the distance over which it is ultimately transported which is necessarily critical, but the fact that the product reaches the consumer embedded with information...It is this which enables the consumer to confidently make connections and associations with the place/space of production and, potentially, the values of the people involved and the production methods employed”.

In creating relations based on ‘trust’, ‘respect’ and ‘partnership’, Fair Trade networks extend domestic qualifications globally. Fair Trade groups draw on Northern consumers’ attachment to far off places and traditions, infusing products with information regarding the peoples, places, and cultures engaged in the production of particular commodities. Alternative trade organization shops, catalogues, and increasingly websites, promote cultural connections and understanding through the creation of a ‘Third World’ ambiance, including music and decor, and the telling of producer stories, through producer store visits, photo and video images, and written narratives on the lives of individual producers.

The maintenance of Fair Trade relations based on trust has been complicated by the introduction of formal labeling initiatives and the associated rapid growth in Fair Trade markets. Beginning in 1988, three Fair Trade labels–Max Havelaar, Fairtrade Mark, and TransFair–were introduced in Europe and later extended to the United States, Canada, and Japan. These initiatives have harmonized their activities under the umbrella of the Fairtrade Labelling Organizations International (FLO) which now represents members in 17 countries. Though alternative trade organizations persist (see IFAT 2002), the recent growth of Fair Trade networks can largely be attributed to the success of the labeling strategy in broadening the availability and range of Fair Trade products, getting ‘Fairtrade into the supermarket where most
people do their shopping’ (FLO 2002c). As Fair Trade networks have expanded from specialty outlets to mainstream retail venues and from highly ‘cultural’ handicraft products to more uniform food commodities, packaging and physical labels have become more important to alternative constructions of quality. The packaging of Fair Trade labeled items may seek to evoke the images and voices of far off peoples and places, but often the Fair Trade message of ‘trust’, ‘respect’ and ‘partnership’ is reduced to a small sticker, requiring that Fair Trade groups draw more heavily on other conventions to coordinate agro-food networks.

Fair Trade groups clearly engage what convention theory refers to as civic norms and qualifications—those based on collective responsibility and evaluations of societal benefits (Thévenot 1995) – in extending domestic conventions to socially and spatially distant peoples and places. The Fair Trade concept builds on ideas of global citizenship, focusing particularly on the responsibilities of Northern populations for conditions in Southern producer countries. Civic norms are evident in Fair Trade discourse, which revolves around ‘fairness’ and ‘equality’ in global relations, and commodity networks, which reframe relations between Northern consumers and Southern producers. As TransFair USA (2002) states, “Our vision is nothing less than restructuring the relationship between producer and consumer – the trade inequalities between North and South.” Espousing a strategy of ‘trade not aid’, alternative trade organizations work directly with producers, to build local capacities, and with consumers, to enhance global understanding. Fair Trade labeling groups espouse similar civic values, but these qualifications are enacted less directly with consumers and producers and are mediated by labels which are seen as providing “a powerful and positive link between the consumer and producer” (FLO 2002b).

Despite the fact that Fair Trade networks are ideologically and materially rooted in progressive domestic and civic conventions, they continue to interact with and draw upon commercial market conventions. Alternative trade organizations are in the business of buying and selling products and while prices and quality dimensions are not determined by competition alone, market expectations must be taken into account if these networks are to be sustained.° Fair Trade labeling engages commercial prices, constructions of quality, and market institutions even more directly, since these commodities are handled largely by conventional distributors and retailers. Labeling organizations do not produce or trade and focus instead on promoting Fair Trade markets and licensing distributors, boosting “total sales and market share for fair trade coffee by penetrating mainstream industry and distribution channels” (TransFair USA 2002). This strategy acknowledges and builds on the growing role of distributors in shaping production conditions and quality specifications (e.g. Marsden, Flynn, and Harrison 2000). Perhaps the best indicator of the ability of Fair Trade networks to deploy commercial conventions is their market success. Worldwide annual Fair Trade sales are currently valued at 400 million dollars and are growing at 30 percent a year (Fair Trade Federation 2002). With Fair Trade products available in 43,000 supermarkets, Europe accounts for 60 percent of sales (EFTA 2001, p.14). The US Fair Trade market is less well developed, but is expanding even more rapidly, with sales largely concentrated in conventional retail outlets (TransFair USA 2002).

The market success of Fair Trade labeled products is also tied to the deployment of industrial conventions rooted in formal standards, inspections, and certifications
and public conventions based on the increasing recognition of Fair Trade labels. As Thévenot (1995) argues new forms of quality control linked to the certification of specialty products draws heavily on industrial norms, instruments, procedures, and patterns of enterprise coordination. While Fair Trade guidelines are only broadly defined in the operation of alternative trade organizations, labeling has involved the development of a formal ‘guarantee’, based on specific standards and verification procedures. This guarantee is in turn associated with increasingly widely recognized Fair Trade logos. Fair Trade criteria focus on production and trade conditions, unlike other labeling schemes—like ethical trade in food and flowers or eco-labeling in (organic) food and forest products—which focus only on social or ecological production conditions (Raynolds 2000). FLO has established detailed standards for its certified commodities with requirements pertaining to both distributors permitted to utilize the Fair Trade label and producers permitted to supply labeled commodities. To gain access to Fair Trade labels, coffee importers must (1) purchase directly from FLO approved grower organizations using long term agreements, (2) guarantee the FLO minimum price and pay a premium above the world market price if it rises above the minimum, and (3) offer pre-financing (FLO 2002d). To be included on FLO’s registry of Fair Trade coffee growers, producers must (1) be small family based operations, (2) be organized into democratic associations, and (3) pursue ecological goals conserving natural resources (FLO 2002d). National labeling initiatives are responsible for licensing and monitoring distributors. FLO approves registry applicants and monitors producer group performance. In both instances monitoring involves documentation and verification, though auditing procedures are much less standardized and rigorous than in organic foods or other certification systems. And unlike most initiatives, the costs of monitoring and certification are paid by Northern importers, not by producers (Raynolds 2000).

As demonstrated here, the ideological and material construction and extension of Fair Trade networks combines domestic, civic, commercial, public, and industrial conventions rooted in relations of personal trust, global responsibility, market competition, labels, and standard based certification. To explore how particular actors shape and are shaped by these competing mentalities and forms of coordination, I focus further analysis on Fair Trade coffee consumption and, following that, production.

**Fair Trade Coffee Consumption**

Coffee has formed the core of Fair Trade initiatives around the world and remains the most widely consumed Fair Trade labeled commodity. The expansion of Fair Trade coffee markets illustrates how commercial ideas, practices, and institutions are deployed within Fair Trade networks. In Europe Fair Trade coffee imports total 27 million pounds and are valued at over 300 million dollars (MaxHavelaar Belgium 2002). Fair Trade coffee has made major inroads in conventional distribution channels—it is sold in over 35,000 supermarkets and is served by many corporations and universities as well as by municipal, national, and European Union government offices—capturing roughly 1.2 percent of European national markets (EFTA 2001). As noted in Table 1, the Netherlands and Germany are the world’s largest Fair Trade coffee importers. Though Fair Trade coffee consumption has leveled off in much of
Europe, it continues to expand in countries like Norway and France where networks have only recently been established.

Table 1: Major importers of Fair Trade Labeled Coffee in 2000

<table>
<thead>
<tr>
<th>Major Importers</th>
<th>Roasted Coffee Volume (lbs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Netherlands</td>
<td>6,800,000</td>
</tr>
<tr>
<td>Germany</td>
<td>6,800,000</td>
</tr>
<tr>
<td>Switzerland</td>
<td>3,000,000</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>2,900,000</td>
</tr>
<tr>
<td>Denmark</td>
<td>1,600,000</td>
</tr>
<tr>
<td>United States</td>
<td>1,600,000</td>
</tr>
<tr>
<td>World Total *</td>
<td>31,000,000</td>
</tr>
</tbody>
</table>

The data in this table only include coffee labeled by FLO affiliates
* World totals include coffee not listed here
Sources: FLO 2002; Max Havelaar Belgium 2002; TransFair USA 2002.

The consolidation and extension of Fair Trade coffee networks in North America are causing the largest market growth. Just two years after the TransFair label was introduced, the United States had become a major importer (see Table 1). Fair Trade coffee consumption grew 79 percent between 2000 and 2001 and is continuing to rise, causing proponents to predict that the United States will become the world’s largest Fair Trade (as well as conventional) coffee market (Rice quoted in McMahon 2001). Fair Trade coffee is sold in 7,000 retail outlets: in small specialty stores and coffee shops, but also in conventional supermarkets, coffee shop chains, and convenience stores (TransFair USA 2002). Though US institutional sales are currently low, a number of restaurants, universities, businesses, and government offices are beginning to serve Fair Trade coffee.

Fair Trade coffee market growth is closely linked to the historical stagnation in mass market coffee consumption and the recent shift to differentiated coffee products and consumption experiences. In the highly oligopolistic coffee market, smaller roasters and distributors have gained market share by re-qualifying coffee from a boring bulk commodity to a vibrant specialty item “pre-packaged with lifestyle signifiers” (Dicum and Luttinger 1999, p.153). Reflecting Thévenot’s (1995) argument regarding the move from quantity to quality products, Fair Trade coffee is part of the specialty category, which is distinguished by high quality, distinctive flavor, regional origin, social or ecological qualities, unique packaging, or coffee house connections.

Coffee roasters/distributors and their brands greatly influence product specifications and supply networks, particularly within growing specialty markets (Ponte 2002). Recognizing this, Fair Trade labeling groups have enrolled roasters in their efforts to extend coffee sales within conventional retail channels. As TransFair USA (2002) explains this logic:
“Roasters are the key link in the value chain for TransFair. First, roasters determine the types of green coffee that are sold in the United States. Second, roasters have the highest profit margin in the value chain, and therefore may be able to absorb some of the costs of fair trade...Finally, many roasters...are already receptive to social/environmental responsibility concepts”.

Since Fair Trade labels are applied to already branded corporate products, roasters’ public name recognition and associated quality conventions become entwined in Fair Trade networks along with their potentially divergent commercial ideas and practices. When labeling was first initiated, small socially conscious coffee roasters who had often long been buying directly from producers moved easily into, helped develop, and continue to maintain Fair Trade networks (Brown 1993; Waridel 2002). It is the more recent entry of mainstream distributors in Fair Trade which raises questions about whether commitments to ‘equality’, ‘trust’, and ‘global responsibility’ are being maintained.

A recent survey of coffee distributors finds that the personal social and ecological convictions of company officials are seen as second only to taste/quality in drawing companies to Fair Trade and eco-labeled items, but that conventional industrial concerns over brand quality, standardization, and efficiency are identified as central in maintaining these supply networks. The Starbucks case well illustrates how mainstream distributors subsume progressive domestic and civic conventions within commercial, public, and industrial norms and practices. While Starbucks prides itself on being socially responsible it was essentially compelled to start carrying Fair Trade labeled coffee by human rights activists who picketed stockholder meetings and threatened mass demonstrations (Global Exchange 2002). The negative publicity threatened to shatter the value of the Starbucks brand, which transforms coffee consumption into an affirmation of Yuppie identity (Dicum and Luttinger 1999). By entering Fair Trade networks, Starbucks has shored up its corporate image, though its ambivalent support is clearly evidenced by the fact that only one percent of the company’s coffee is Fair Trade certified. Since only those products that carry the label must be fairly traded, mainstream distributors can purchase a small amount of coffee via Fair Trade networks while maintaining their conventional agro-industrial supplies. Fair Trade licensing and product certification procedures–based on formal rules, extensive documents, external audits, and volume based fees–facilitate the partial engagement by mainstream coffee distributors, who express strong support for this type of industrial regulation (Giovannucci 2001).

Fair Trade consumers also employ commercial, industrial, and public conventions in their considerations of coffee prices, availability, and labels. Surveys find that potential Fair Trade consumers want good tasting, reasonably priced, coffee that they can buy conveniently (Fairtrade Foundation 2002; TransFair USA 2002). Though consumers are much more likely to recognize roaster brands, there is increasing public recognition of Fair Trade logos and their associated messages. Fair Trade labels are increasingly seen as formal consumer guarantees. Given the proliferation in questionable corporate claims of social and environmental responsibility, skeptical consumers are increasingly demanding that such guarantees be certified based on industrial norms involving fixed standards and external verification (Zadek et al. 1998).

Domestic and civic norms, values, and mentalities revolving around trust and
global responsibility are critical in shaping the engagement of consumers in Fair Trade networks. Connections between consumers and Fair Trade organizations are rooted largely in flows of information. Fair Trade networks socially re-embed commodities, so that items arrive at the point of consumption replete with information regarding the social and environmental conditions under which they were produced and traded (Raynolds 2000). Fair Trade labels differentiate otherwise similar products in impersonal markets, encouraging consumers to make positive purchasing decisions. In itemizing the benefits its labeled coffee delivers to consumers, TransFair USA (2002) goes beyond issues of product quality and availability to assert that it provides “personal relationships with farmers (through images, publicity, educational materials), trust and security in socially-responsible value claims” and the elusive “feel good factor”.

Fair Trade networks support and are supported by heightened concerns among Northern consumers over global ethics and the rise of ‘ethical consumption’ practices where the social relations embodied in particular commodities increasingly shape product choices. Global civic concerns are widespread among European consumers, fueling the rise of numerous labels suggesting that human rights have been maintained in international supply chains (EFTA 1995, p. 21; Barrientos 2000; Hughes 2002). Such labels are also becoming common in the United States, where 74 percent of consumers agree that they have an obligation for ensuring that workers in international production sites do not work in harsh or unsafe conditions (Program on International Policy Attitudes 1999 cited in Gereffi et al. 2001).

Fair Trade labels address these global ethical concerns, assuring consumers that, as the Fairtrade Mark reads, buying these products “Guarantees a better deal for Third World producers.” The growth of Fair Trade labeled food products is also entwined with burgeoning interest in ‘green consumption’, where consumers engage domestic and civic conventions to re-value products believed to be less harmful to themselves and the environment. Fair Trade labels strive to reestablish consumer trust in the origins and content of their food, attesting that items have been produced outside the agro-industrial system responsible for recent food scares and widespread environmental degradation. In keeping with the connections between social and ecological civic concerns, 39 percent of Fair Trade coffee is also organic and dual labeling is on the rise (FLO 2002a).

In embedding commodities with social and environmental information, Fair Trade labels “function as a ‘mirror’ for the consumer in securing the benefits of self-expression and positive social identity” (Zadek et al. 1998). The consumption of Fair Trade labeled items, particularly commodities with high symbolic content like coffee (Smith 1996; Dicum and Luttinger 1999), offers an important opportunity for consumers to identify themselves as socially and environmentally conscious individuals. Through their purchases and consumption, consumers individually strengthen civic and domestic conventions within Fair Trade networks and question the business mentalities and practices that shape mainstream trade networks. Consumer involvement in Fair Trade may also fuel their engagement in collective politics, either in pressuring corporations to enter Fair Trade networks or in seeking changes in North South relations more generally.
Fair Trade Coffee Production

Fair Trade coffee production, like consumption, involves the interaction of ideas, practices, and institutions associated with traditional commercial, public, and industrial conventions as well as more progressive domestic and civic conventions. Fair Trade coffee routes reflect historical social and spatial North/South relations. Twenty-one of the world’s major coffee exporting countries in Latin America, Africa, and Asia ship Fair Trade coffee to consumers in the global North. There are 300 coffee grower organizations which have been approved by FLO to export labeled coffee, representing 550,000 small scale growers (MaxHavelaar Belgium 2002). Fair Trade coffee production, like the cultivation of high quality arabica coffee more generally, is concentrated in Latin America and the Caribbean. The region’s 181 registered producer associations are located in 14 countries and together account for 80 percent of the world’s Fair Trade coffee production (MaxHavelaar Belgium 2002). As can be seen in Table 2, Mexico is by far the largest supplier (with 23 percent of global exports) followed by Peru and Colombia.

Table 2: Major exporters of Fair Trade Labeled Coffee in 2000

<table>
<thead>
<tr>
<th>Major Exporters</th>
<th>Roasted Coffee Volume (lbs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>7,300,000</td>
</tr>
<tr>
<td>Peru</td>
<td>4,200,000</td>
</tr>
<tr>
<td>Colombia</td>
<td>3,400,000</td>
</tr>
<tr>
<td>Guatemala</td>
<td>2,800,000</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>2,500,000</td>
</tr>
<tr>
<td>Tanzania</td>
<td>2,200,000</td>
</tr>
<tr>
<td>World Total *</td>
<td>31,000,000</td>
</tr>
</tbody>
</table>

The data in this table only include coffee labeled by FLO affiliates
* World totals include coffee not listed here

Sources: Max Havelaar Belgium 2002; TransFair USA 2002.

Fair Trade coffee export networks are shaped most directly by the material and ideological exchanges between Southern coffee producers and their associations and Northern coffee importers and roasters. Fair Trade coffee exchanges, like other market transactions, are guided by prices. While Fair Trade pricing arrangements relate to commercial norms and practices, the influence of more progressive conventions is clear. Fair Trade prices are established by FLO based on notions of a ‘fair return’ which ‘covers the cost of production’ and a ‘social premium for development purposes’. To participate in Fair Trade networks, importers must guarantee a minimum price of US$1.26 per pound for arabica and US$1.10 per pound for robusta coffee (which in each case includes a $.05 social premium); certified organic coffee receives an extra US$.15 per pound. In establishing these base prices, Fair Trade labeling groups have tried to align producer needs with market realities (for example maintaining conventional arabica and organic price advantages). When world coffee prices rise
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above the guaranteed minimum, importers must pay US$ .05 per pound above the world market price. Fair Trade prices thus follow market trends, but they are consistently higher and fairer. What most reflects alternative norms of fairness is that these prices are guaranteed. World coffee prices are notoriously volatile and have remained below the guaranteed minimum for most of the past decade. Fair Trade prices are currently about twice the world price, which has fallen to its lowest level in thirty years (Oxfam/GB 2001).

Fair Trade price guarantees have meant the difference between survival and bankruptcy for many small-scale coffee growers. Many Latin American producers are currently abandoning their crops—since the price they receive from conventional merchants does not even cover the costs of harvesting—and migrating out of coffee growing regions (Castro 2002; Vargas 2002). A Fair Trade coffee grower in Oaxaca, Mexico reports:

“We have seen the prices paid to coffee growers in the region collapse. Everyone is leaving. We are able to keep producing because of the more favorable Fair Trade price. We are able to provide food and clothes for our families, even medicine. The children still attend school. We are not rich, but we are moving forward.”

Coffee producers from this area estimate that in the last harvest they received close to three times the income selling through Fair Trade channels that they would have gotten from local merchants. Between 1989 and 1995, Costa Rican Fair Trade coffee producers earned on average forty percent more each season than they would have selling to mainstream markets (Ronchi 2002, p. 10). In addition to the higher prices received by growers, the US$ .05 per pound social premium funds important collective endeavors. Oaxacan Fair Trade cooperatives have invested this money in coffee quality improvements and infrastructure—including coffee replanting projects, organic conversion, warehouses, quality controls, and processing facilities—and community projects—including schools, sanitation projects, health services, and emergency loan funds.

Relations between coffee growers and importers within Fair Trade networks are mediated not only by FLO prices, but also by the requirements that trade be as direct as possible, involve long term agreements, and that importers offer pre-financing. These requirements have cut out coffee intermediaries notorious for making high interest loans and paying low coffee prices. Direct and long-term relationships between coffee producer groups and importers provide the basis for developing relations of personal trust alongside more commercial relations, making ‘trade partnership’ ideals more concrete. A Oaxacan coffee cooperative leader explains: “The coyotes (coffee intermediaries) have been robbing us for generations. Now our cooperative sells directly to the importer. We have come to trust each other more. There is more respect and confidence. We deliver good coffee; they pay fairer prices”.

Though progressive domestic and civic conventions have refashioned commercial price and trade relations, traditional public and industrial conventions persist in other facets of Fair Trade. Quality expectations linked to public brand names remain central, especially for Fair Trade coffee sold in specialty markets (Giovannucci 2001). Importers’ quality standards are inflexible and rigorously monitored through laboratory testing. Coffee producer groups have established extensive sorting and
grading procedures, including investing in expensive electronic equipment, to ensure that their shipments meet stipulated quality standards. Industrial norms and practices also guide delivery schedules and purchasing contracts based on legal (largely English language) documents. Leaders of one Mexican coffee cooperative report that the group’s success in upholding these traditional business expectations, learned through years of operation in conventional markets, has been central to its success in Fair Trade.

In Fair Trade networks, coffee producers and their associations have important ties with labeling organizations as well as importers. Fair Trade labeling organizations require that producers be collectively organized to facilitate the export capacity of small-scale growers and to empower these associations as “an instrument for the social and economical development of the members” (FLO 2002d). By working with coffee cooperatives, Fair Trade groups may reinforce traditional domestic and civic norms, values, and conventions revolving around trust and collective responsibility. In Mexico most Fair Trade coffee production is in indigenous regions. Here indigenous ideas and practices have facilitated the creation and maintenance of Fair Trade networks that have in turn reinforced indigenous identity and organizational structures (Nigh 1997). As a coffee cooperative leader in Oaxaca explains,

“Fair Trade is not just a market. It’s about consciousness. About working for the betterment of all. Here we have strong ideas about ‘servicio.’ People are expected to contribute to community efforts, it’s a responsibility. But it is also a resource, because people working together are what bring improvements. These are our ideas; they are also the ideas motivating Fair Trade.”

FLO requirements that decisions regarding the investment of the Fair Trade social premium must be made democratically can support collective practices within producer cooperatives.

Though interactions between Fair Trade labeling organizations and coffee producer groups involve mutually reinforcing civic and domestic ideas and practices, these interactions are simultaneously molded by industrial conventions embedded in FLO’s certification and monitoring of producer organizations. Destabilizing notions of ‘trust’ and ‘partnership’, FLO certification represents a form of control, linked to formal standards and inspections. Like other certification and labeling systems (Gereffi et al. 2001; Hughes 2001), Fair Trade certification reflects North / South power relations and industrial monitoring practices. Yet civic and domestic ideas are not vanquished (see FLO 2002d). Producer group representatives are involved in both setting certification standards and procedures and in making decisions regarding the approval or rejection of FLO registered groups. Standards are specified yet include minimum and process criteria. Inspections occur regularly, but instead of assuming ‘objective scientific’ assessments they draw on local inspectors who understand the conditions of producers. And in contrast with organic certification, documentation and reporting obligations are minor.

How the inherent tension between the industrial conventions of certification and the civic and domestic ideals of Fair Trade are mediated in relations between coffee producer associations and labeling organizations appears to depend in great measure on the extent to which Fair Trade networks operate as multidirectional
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flows of information. These non-market relations are critical in developing producer trust in, and allegiance to, Fair Trade networks (Renard 1999). Where information flows from Fair Trade groups to coffee producer groups are weak, domestic/civic conventions are displaced by market ideas and practices (Tallontire 2000). In many cases the technical expertise and market information provided through Fair Trade may be more important for producer associations than the financial and commodity arrangements (Hopkins 2000; IIED 2000). Coffee producer groups may learn a great deal about market trends, quality specifications, and international prices from Fair Trade groups. This information is critical for those selling coffee via conventional channels or seeking organic certification. In Costa Rica, cooperative leaders attribute their success in introducing their own roasted coffee brand to technical assistance from Fair Trade organizations (Ronchi 2002). Mexican coffee cooperatives have used the knowledge they gained through their international Fair Trade connections to launch Comercio Justo, a national Fair Trade label.

Conclusions

This article demonstrates how, by re-linking consumers and producers, commodity network analysis may provide a robust avenue for academic inquiry and engagement in alternative food politics. Analytically, this framework illuminates how particular ideas and practices are deployed by divergent social actors and how shared and contested understandings are negotiated via network relations. Challenging the structural determinism of much commodity chain analysis, this approach eschews the search for a single ‘driver’ and emphasizes the heterogenous centers, forms, and relations of network power. By analyzing how key actors engage and enforce particular mentalities and conventions (Allaire and Boyer 1995; Thévenot 1995), a commodity network approach maintains a political analytic focus, avoiding post-structuralist tendencies toward de-politicized descriptive narratives.

Applied to the case of Fair Trade coffee, this analytical framework reveals how network organizations, patterns of coordination, and quality assessments are shaped by recurrent conflicts between: (1) traditional commercial and industrial conventions, rooted in price competition, bureaucratic efficiency, product standardization, and formal certification, and (2) alternative domestic and civic conventions, rooted in trust, equality, global social and environmental responsibility, collective effort, and societal wide benefits. I find that Fair Trade organizations play a critical role in constructing and extending mutually reinforcing domestic and civic conventions through commodity and non-commodity exchanges. Yet since Fair Trade operates in, as well as against, the market (Brown 1993), dominant actors within the industry, most importantly coffee roasters/distributors, also shape network activities in accordance with traditional commercial and industrial conventions. Competing ideas and practices are negotiated through interactions between Fair Trade organizations and roasters/distributors and through multidirectional exchanges with producers and consumers. Commercial and industrial conventions are largely maintained via the Fair Trade licensing of coffee roasters/distributors, certification of producer groups, and sale of labeled commodities in conventional outlets. Yet domestic and civic conventions are simultaneously promoted through the guaranteed prices paid to producers and their direct relations with coffee buyers.
and through the knowledge and discursive resources provided to producers and consumers by Fair Trade organizations. Though producers and consumers may uphold traditional qualifications, they also appear critical in activating competing conventions. Southern producers bolster domestic/civic conventions in their local organizations, multifaceted network interactions, and efforts to expand Fair Trade networks. Northern consumers support alternative values through their positive purchasing choices and may collectively extend domestic/civic relations by pressuring distributors, institutional buyers, and purchasing localities to enter Fair Trade networks.

In addition to its analytical contributions, this commodity network study provides critical insights for alternative food politics. The case of Fair Trade demonstrates that it is possible to ‘shorten’ the social distance between consumers and producers even where the products being exchanged traverse substantial geographic distances. This study builds on recent arguments regarding the capacity of ‘short food supply chains’ to counter conventional agro-food relations (Marsden, Banks, and Bristow 2000), demonstrating that networks based on trust and fairness can be woven on a world-wide scale. My findings challenge the common association between producer/consumer miles and producer/consumer inequalities. Conflating social and spatial relations in food networks is theoretically flawed and fuels a form of food nationalism in the North which extols local production of minor food items for affluent consumers.

This analysis of Fair Trade also helps reveal the inherent weakness in proliferating voluntary certification initiatives which seek to internationally regulate ecological and production conditions in commodities such as organic foods, marine products, flowers, timber, apparel, footwear, and textiles (Barrientos 2000; Raynolds 2000; Gereffi et al. 2001; Hughes 2001). Though many of these private regulatory schemes have purportedly progressive goals, they undermine these goals by failing to engage alternative patterns of economic coordination and relying instead on industrial standard-based certification. My analysis suggests that the progressive potential of alternative commodity networks derives from the persistent questioning of traditional business mentalities and the promotion of alternative qualifications. While domestic/civic norms are not uniformly held or practiced within Fair Trade, values related to trust and societal wide benefits are repeatedly engaged by key network actors, helping to socially re-embed trade relations and shorten the distance between consumers and producers.

Acknowledgement

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Notes

1 For a more thorough treatment of the similarities and differences between these schools of thought, see Friedland (2001), Raikes, Jensen and Ponte (2000), and Smith et al. (2002).

2 See Marsden (2000) for a related but broader argument regarding the continued salience of a ‘revised political economy of agro-food’ approach.

3 For example, though often obscured by the seemingly rigid language of commodity ‘chains’, Hopkins’ and Wallerstein’s (1986) conceptualization of commodity networks comprised of temporally and spatially overlapping labor processes anticipates many elements of actor network theory. Similarly, French filière analysis overlaps with strands of regulation and convention approaches in analyzing the organizing rationalities and institutions which characterize particular commodity networks (Wilkinson 1997; Raikes, Jensen and Ponte 2000).

4 See Long (2002) for a recent contribution to this tradition.

5 Alternative trade networks expanded largely in the 1960s, though their roots can be traced back even further.

6 Though alternative trade organization activities are ‘subsidized’ by financial assistance from individuals and church, human rights, and development groups and by substantial amounts of volunteer labor, they do not escape market concerns (EFTA 2001; Fair Trade Federation 2002).

7 Market surveys in 11 countries find that on average about a third of European consumers are aware of Fair Trade labels (EFTA 2001: 71-3).

8 In Europe Fair Trade food items account for 81 percent of sales and include coffee, bananas, cocoa, tea, sugar, honey, and orange juice (EFTA 2001:14). In the United States only coffee and tea are currently labeled (TransFair USA 2002).

9 The top five coffee distributors control 69 percent of the world market (van Dijk et al. 1998 cited in Ponte 2002, p. 1108).

10 This random sample survey included 2098 North American specialty coffee retailers, roasters, wholesalers, distributors, and importers (Giovannucci 2001).

11 Seventy-eight percent of US consumers say they would buy products associated with a cause about which they care; most would be willing to pay more for such a product (TransFair USA 2002).

12 Fully 80 percent of US Fair Trade coffee is organic certified (TransFair USA 2002).

13 Where other sources are not cited, this section draws on the author’s own field research.

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