

The Fair Trade labeling system aims to connect producers with consumers in a relationship that supports fair returns to farmers and local-level democracy, while responding to supply and demand.<sup>1</sup> Fair Trade standards encourage sustainable farming practices, discourage the use of child labor, and increase the share of revenue that flows to farmers. Fair Trade certified products available in some Atlanta locations include coffee, tea, chocolate, sugar, bananas and cut flowers. When buying Fair Trade coffee, a consumer contributes to healthier ecosystems and communities in faraway countries, for only pennies of additional cost. The cost of beans in a cup of Café Campesino, for example, averages \$.33 a cup, compared to an average of \$.30 a cup for conventional coffee.<sup>2</sup>

### **Background**

The Fair Trade slogan, “trade not aid,” signals a desire to use the market to replace foreign aid to achieve progress toward economic, social, and environmental sustainability in developing countries. Fair Trade emerged in the U.S. and Europe in the 1940s to support economic development among low-income producers through direct trade relations and combined higher prices than the conventional market with producer loans and marketing help. The movement began to pick up speed after the International Coffee Agreement collapsed in 1989 and the price of coffee fell drastically. Fair Trade expanded in the United States in the 1990s with support from religious groups and universities.<sup>3</sup>

Because of the power of international traders, accords, and weather, prices of commodities in the *conventional* market can drop below costs of production. Impoverished growers may then be forced to sell land, move to cities in search of work, or migrate internationally. An important component of the influx of Central American immigration to the U.S. has been the low price of coffee since the collapse of the international agreement, as well as new plantings in Asia which caused a glut of supply. Fair Trade seeks to rebalance the terms of trade to support both producers and buyers in a system of mutual benefit.

**Key Benefits to farmers:** Because each crop is integrated into the Fair Trade system a little differently, the description below will focus on **coffee**.

*Higher Prices:* Fair Trade coffee producers are guaranteed at least five cents per pound above the conventional market price (and in some years as much as eighty cents), plus an additional twenty cents for organic certification. Farmers must be organized into a democratically-elected cooperative, and the cooperative also receives an additional “social premium” to be used for community projects, such as building schools and clinics, improving roads, and developing new craft industries that particularly benefit women. Removal of middle traders places more of the crop’s value into the hands of farmers.<sup>4</sup> Research in many countries around the world has shown that Fair Trade cooperatives secure a higher income for farming families, which in turn supports more education, better housing, and a better diet.<sup>5</sup> Higher prices can support stable livelihoods, safeguarding family land, farming traditions, and meaningful ways of life.

*Access to Credit:* Another benefit of Fair Trade is that roasters provide annual loans to each cooperative to cover part of production costs up front. This much-needed credit prevents farmers from turning to local moneylenders and paying high interest rates to buy fertilizer or pay harvest help.

*Environmental Standards:* Fair Trade includes a number of environmental production standards, including reduced use of pesticides. Many Fair Trade cooperatives also carry organic certification.

*Third-Party Certification:* TransFair USA (recently renamed as “Fair Trade USA”) is one of twenty international certifying agencies that set and certify Fair Trade standards (see [www.transfairusa.org](http://www.transfairusa.org) and [www.flo.org](http://www.flo.org)). This seal provides a neutral third party verification of claims.

*Ethical Consumption:* When buying Fair Trade products, consumers show support for producers and for an ethically-organized system of trade that supports fair wages and working conditions.

### **Recent Issues**

The international Fair Trade movement has experienced some struggles in recent years. In the beginning of the movement, companies using the Fair Trade label offered 100% Fair Trade product. With the decision in 2000 to allow Starbucks and other large corporations to use the Fair Trade label, this requirement was relaxed, and Fair Trade may make up less than 10% of their total coffee purchases. In addition, the price premium given to Fair Trade cooperatives has not kept up with inflation over the last 15 years, nor have U.S. corporations been subject to review of practices that producer cooperatives experience. In response, some small companies have dropped Fair Trade certification and are trying other avenues of inserting ethical concerns into trade relations. One example is “direct trade” which opts out of certification and avoids middle traders, but cannot offer third party verification of claims. Recently, a group of committed roasters was successful in gaining a small increase in the international Fair Trade price premium and is pressing the certifying organizations to keep to their original principles. In addition, Fair Trade standards are now being developed for domestic U.S. products, to extend these concerns to a larger range of commodities. The Fair Trade label continues to provide one of the few third-party-verified products that support a social justice component of sustainability.

### **Emory’s Commitment**

Offering Fair Trade-certified foods is one of the ways Emory University’s Sustainable Food Initiative seeks to meet its goal of serving 75% of the food on campus and in hospitals from locally or sustainably grown sources by the year 2015. By 2010, all coffee and tea provided by Emory Dining locations on campus became Fair Trade certified. Some Fair Trade sugar and other products are also available on campus.

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<sup>1</sup> Simon, Bryant. 2009. *Everything but the Coffee: Learning about America from Starbucks*. Berkeley: University of California Press, p. 208.

<sup>2</sup> Based on an average of seven conventional coffee prices at Emory Kroger (four mid-range arabica and gourmet brands and three low-price brands) and two Café Campesino prices, February, 2011. An ounce of ground coffee is calculated to produce two eight-ounce cups of brewed coffee.

<sup>3</sup> Luttinger, Nina, and Gregory Dicum. 2006. *The Coffee Book: Anatomy of an Industry from Crop to the Last Drop*. New York: The New Press.

<sup>4</sup> Jaffee, Daniel 2007. *Brewing Justice: Fair Trade Coffee, Sustainability, and Survival*. Berkeley: University of California.

<sup>5</sup> Grimes, Kimberly M. 2005. “Changing the Rules of Trade with Global Partnerships: The Fair Trade Movement.” *Social Movements: An Anthropological Reader*. June Nash, ed. Pp.237-248. NY: Wiley-Blackwell. Jaffee (2007) and Lyon, Sarah M. 2011 *Coffee and Community: Maya Farmers and Fair Trade Markets*. University Press of Colorado.