

Sustainable Trade:
The Case of Coffee in North America

by

Laure Waridel

B.A. Sociology, Minor International Development Studies, McGill
University, 1996

and


Certificate in Communications, Université du Québec à Montréal
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Dr. Michael M^oGonigle, Supervisor (Faculty of Law)


Dr. Martha McMahon, Committee Member (Sociology)


Dr. Michael Webb, Committee Member (Political Science)


Dr. William Carroll, External Examiner (Sociology)

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University of Victoria

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Abstract

Supervisor: Dr. Michael M'Gonigle


This thesis investigates the potential of “sustainable coffee” initiatives to counter the negative impacts of conventional practices in the current context of global trade and neo-liberal policies. The analysis focuses on the situation in Canada, Mexico and the USA. Existing barriers to the penetration of fair-trade, organic and shade-grown coffees into the North American market are identified based upon participatory research. Recommendations for the further development of sustainable coffee are also provided. The relationship between government policies and community-based efforts are also explored. The latter provide the basis for the elaboration of a North American framework of actions.

Ultimately, this thesis recognizes the contribution organic, fair-trade and shade-grown coffee initiatives make in concretely addressing the negative impacts of conventional practices. It also argues that major barriers must be overcome before sustainability can become a norm for the mainstream industry.

Examiners:


Dr. Michael M'Gonigle, Supervisor (Faculty of Law)


Dr. Martha McMahon, Committee Member (Sociology)


Dr. Michael Webb, Committee Member (Political Science)



Dr. William Carroll, External Examiner (Sociology)

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A la gente de la UCIRI.

To the people of UCIRI.

Introduction

Coffee is omnipresent in North America. It is the daily morning drink of millions of people around the continent, and is also the main source of income for over 700 thousand families in Mexico alone.¹ Yet in both producing and consuming countries, the bitter beans are raising environmental and social concerns. Over the years, the intensification of coffee production has contributed to widespread deforestation, destruction of wildlife habitats, soil erosion and agrochemical contamination. Low wages and poor working conditions, as well as low purchasing prices, have, and continue to be the burden carried by farm workers and small growers in coffee areas.

The Coffee Crisis

Current world coffee prices—set in New York and London— are exacerbating social and environmental problems. Prices have fallen to the lowest level ever in real terms.² As I write these lines, middlemen are paying peasants in Mexico around 44 cents³ for a kilogram of coffee that will cost North American or European consumers at least \$8 and sometimes as much as \$30 per kilogram. Ironically, at a time when growers are in dire straits, big coffee companies are proudly announcing record profits.⁴

Because coffee is the only source of income for many rural families, thousands of people, especially the young, are moving to towns, hoping

¹ Organización Internacional del Café. *Monografía Cafetera* : México. London : Organización Internacional del Café. 1999.

² Oxfam International. *Bitter Coffee: How the poor are paying for the slump in coffee prices*. Oxfam Policy Paper, Oxfam International, 2001

³ Sums of money are in US dollars unless otherwise stated.

⁴ See the web pages of Philip Morris, Procter & Gamble, Nestlé, and Starbucks.

for a better life. In the streets of a little coffee municipality such as Motozintla, in southern Chiapas (Mexico), you can read signs like: “*Salidas a Tijuana. Pasaje 1,300 pesos. Informacion aqui.*” (Departure for Tijuana, 1,300 pesos. Information here.)

It is estimated that plantation workers are leaving at a rate of 500 families per week from the state of Chiapas alone.⁵ Buses are organized to bring people all the way to the urban “free zone” near the US border, where there is work in sweatshops. Once so close to the US border, many have hopes of reaching the American Dream. But although goods can easily cross borders, facilitated by the North American Free Trade Agreement (NAFTA), Mexicans themselves are kept behind fences. On May 7, 2001 seven coffee farmers from Veracruz, Mexico died in the Arizona desert in an effort to escape illegally the hopelessness of coffee growing and current world prices.⁶ The American government is increasing security measures to keep people out, but freeing trade to welcome in their products. The American Dream requires a visa.

The current coffee crisis is also having an impact on the environment. Most Mexican coffee is grown in mountainous areas, where the ecological balance is already fragile. Under the canopy of the forest, coffee can be produced without the use of agro-chemicals, more sustainably than any crop grown by intensive “monocropping” methods, such as sugarcane or maize. Sustainable production helps maintain biodiversity and the quality of the soil and prevents soil erosion. Because current coffee prices do not even cover the basic cost of production, many farmers are looking for more lucrative uses for their land. Some peasants are cutting down the forest, selling their wood and cheaply

⁵ Warwick, Hugh. Trouble Brewing. *The Ecologist*. Vol. 31. No. 6. July-August 2001. 53.

⁶ New York Times, May 24, 2001.

renting their land to large livestock owners. In other areas, coffee plantations are being converted into sugarcane fields.

Developing Alternatives

Increasing concerns over the environmental and social impacts of conventional coffee production and trade has given rise to a range of initiatives to develop "sustainable coffee" as a market-based instrument for social and environmental accountability. "Fair trade", "organic" and "shade grown" coffee are seen as concrete alternatives for an increasing number of producers, traders and consumers who wish to limit the environmental and social exploitation of coffee production and trade, so as to move towards greater sustainability. In the context of this research, the use of the term sustainable coffee must be understood to be any coffee that meets at least one certification model whether it be organic, fair trade, or shade grown.

Research Objectives

This thesis investigates the potential of sustainable coffee initiatives to counter the negative impacts of conventional practices in the current context of global trade and neo-liberal policies. I focus particularly on an analysis of the situation in North America, thereby using Mexico, Canada and the USA as a case study. In the process of answering this question, I identify some of the existing barriers to the penetration of fair trade, organic and shade-grown coffee into the North American market. I also explore the relationship between government policy and community-based efforts, in order to make recommendations for the development of cooperative mechanisms for actions and policies, which would contribute to the development of sustainable trade.

Methodology

The content of the three first chapters is based mainly on a broad review of the literature and the events that I attended. A wide variety of books, reports and articles were read and web sites visited. As presented in the bibliography, the subjects touch on corporate power, democracy, global governance, international development, civil society movements, free trade policies and agreements, poverty, agriculture, biodiversity, conventional and sustainable coffee, fair trade, organic agriculture, shade grown plantations, certification processes, etc.

Chapter four uses a different methodology, which is presented in detail in the introduction to this chapter. It is mostly based on participatory research, field interviews and meetings, as well as surveys undertaken in Mexico, Canada and the USA among a variety of coffee players. Many of the recommendations presented after the conclusion of the thesis come out of this process.

Outline of the Thesis

The first chapter begins by painting a broad picture of the current global context, addressing issues surrounding the power of the market, its domination by the interests of large corporation, and the impact this has on democracy. This chapter argues that what is presumed to be a 'liberal democracy' is increasingly moving towards a 'market democracy', where corporations have become a dominant "social class". As a direct reaction to the negative impacts of this situation, the rise of civil-society organisations and the emergence of an ethical consumer movement are presented as examples of initiatives that attempt to connect local and global issues in order to rebuild democracy.

The story of coffee begins in the second chapter, where the political economy of conventional coffee production and trade are presented. This chapter starts with a brief description of the history of coffee and its role in Mexico. The environmental costs of coffee are then exposed, touching on deforestation, loss of biodiversity, agrochemical pollution, soil erosion as well as genetic modification. The social costs of the conventional coffee route follow, tracing the coffee beans' journey from the tree, through the hands of several intermediaries in both the North and South, to its final destination as a cup of coffee.

The third chapter describes the emergence of sustainable coffee as a market-based instrument for social and environmental accountability. It begins with a presentation and analysis of the three main third-party certification initiatives for sustainable coffee: fair trade, organic and shade grown. This is followed by a very brief presentation of non-certification initiatives coming from international development projects, governmental institutions and the business sector. The end of this chapter discusses the role of consumers in determining the success of such initiatives—despite the fact that most are ill informed. Finally, this chapter touches on a perspective coming out of southern countries, regarding the risks of social and eco-imperialism.

The fourth chapter identifies current barriers to the greater penetration of sustainable coffees into the conventional market in North America. The information presented is primarily based on participatory research and interviews with Mexican, Canadian, and American actors involved in the production, certification, trading, roasting, study and promotion of coffee. Their perceptions are reported regarding the meaning and importance of sustainable coffee, the international trading system, existing certification models, and marketing. The diversity of responses

illustrates the complexity inherent to the domain of sustainable coffee but also opens the door to exploration of cooperative mechanism for action and policies, which could contribute to the development of sustainable trade.

Lastly, the conclusion recapitulates the major elements developed in the first four chapters of the thesis, which examined the potential of sustainable coffee initiatives to counter the negative impacts of conventional practices in the current context of global trade and neo-liberal policies. The conclusion ends with a series of recommendations for a framework of action for the sustainable coffee sector in North America.

Chapter 1

The Global Context

1.1 The Political Power of the Market

Between the literal meaning of the word democracy, “rule by the people,” and Abraham Lincoln’s extended definition of “government of the people, for the people, and by the people,”⁷ a wide range of interpretations are possible, depending on the class of the people who rule.⁸ Historians of Europe refer to the second half of the 15th century and the 16th century as the *noblemen's democracy* and the 18th century as a *bourgeois democracy*.⁹ Will our own era perhaps be remembered as a *corporate democracy*?

Corporations began their rise to become a dominant “social class” long ago. In 1886, a ruling by the US Supreme Court recognized corporations as “natural persons” under the American constitution. Court ruling by court ruling, legal rights were given to businesses as though they were citizens not only in the USA but also in other countries and within international law.¹⁰ The rights thus acquired by corporations throughout the world have increased their power and control in society, facilitating

⁷ Lincoln, Abraham. November 19, 1863. The Collected Works of Abraham Lincoln, Vol. VII, edited by Roy P. Basler.

<http://showcase.netins.net/web/creative/lincoln/speeches/gettysburg.htm>

⁸ Boudansky, Daniel. The Legitimacy of International Governance: A Coming Challenge for International Environmental Law. American Journal of International Law. Vol.93, No. 3. (July 1999). Also: Osmańczyk, Edmund Jan. Encyclopedia of the United Nations and International Agreements. Second Edition. (New York, Philadelphia and London: Taylor and Francis, 1990), 219. Also: A Dictionary of International Law and Diplomacy. (New York: Dobbs Ferry and Phonix Press inc. 1973). Webster's Encyclopedic Unabridged Dictionary of the English Language. (New York: Gramercy Book. 1989).

⁹ Osmańczyk. op.cit..

¹⁰ Grossman, Richard. Revoking the Corporation. Keynote address presented at the 14th annual Public Interest Environmental Law Conference at the University of Oregon School of Law in Eugene, Oregon on March 9, 1996.

the establishment of mechanisms that help them reach their main objective of making profit.¹¹

This legal recognition and the attribution of equal rights to corporations, enabled them to remove the market from the control of the public domain.¹² Today corporate rights are accepted as an inevitable reality. Corporations, especially the largest ones, benefit from enough economic and political power to effectively function as governing bodies.

Indeed, today, the biggest corporations wield greater economic power than many nations.¹³ This is especially true for the smallest countries. As Maude Barlow and Tony Clarke report in *Global Showdown*, “Wal-Mart is bigger than 163 countries. Mitsubishi is larger than Indonesia. Ford is bigger than South Africa.”¹⁴ The coffee trade itself is dominated by a handful of multinationals, each having a turnover greater than the gross domestic product (GDP) of many coffee-producing nations: Nestlé’s sales are more than 21 times the GDP of Nicaragua, while the operating revenues of Philip Morris exceed the GDP of Vietnam by almost three times.¹⁵

Transnational corporations are well organized. They benefit from extensive resources and have a strong bargaining position when confronted with challenges from local, regional, national and international institutions over the social and economic impacts of their

¹¹ Grossman, op. cit. Also: Barlow, Maude, and Tony Clark. *Global Showdown: How the New Activists Are Fighting Global Corporate Rule*. Toronto: Stoddart, 2001. Also: Korten, David C. *The Post Corporate World: Life After Capitalism*. San Francisco: Kumarian Press and Berrett-Koehler Publishers, 1999. 174.

¹² Ibid.

¹³ Anderson, Sarah and John Cavanagh. *The top 200: The Rise of Global Corporate Power*. Institute for Policy Studies, June 1997.

¹⁴ Barlow and Clarke op.cit. p.19.

¹⁵ Philip Morris Annual Report 2000, Nestlé Annual Report 2000 and the UNDP Development Report 2001.

actions.¹⁶ Corporations are known for lobbying the government for a number of measures aiming at their profitability, such as corporate tax breaks, free trade pacts, research subsidies, governmental representation, and reduction of regulations.¹⁷

1.1.1 Economic Growth

States and corporations are speaking the same language, because profit and competitiveness have become the name of the game on the global market. Both wish to see the economy grow. It is taken for granted that trade creates wealth since it contributes to economic growth. However, as we shall see, there are different ways of looking at what constitutes wealth.

The last 50 years have seen unprecedented economic growth and an explosion of financial flows. During this period, the sum of the world's gross domestic products has multiplied by more than six times in real terms, while average per-capita GDP has grown by almost three times.¹⁸ Every day, over \$1.5 trillion is exchanged in the world's currency markets, and nearly a fifth of the goods and services created each year are traded internationally.¹⁹ For policymakers and businesses that believe in free trade, these numbers are an expression of "progress." But for whom?

¹⁶Mander, Jerry. "The Rules of Corporate Behavior". *The Case Against the Global Economy*. San Francisco: The Sierra Club Books. 1996, pp. 309-322.

¹⁷ Stopford, John. "Multinational Corporations: Think Again". *Foreign Policy*. No.113. Carnegie Endowment for International Peace. Also: Klein, Naomi *No Logo: Taking on the brand bullies*. Toronto: Vintage Canada. 2000.

¹⁸Johnson, Pierre-Marc and Karel Mayrand. *Beyond Trade: The Case for a Broadened International Governance Agenda*. Montréal: Institute for Research on Public Policy, June 2000. p.6.

¹⁹ United Nations Development Program. *Human Development Report 1999*. London: Oxford University Press, 1999. P.1.

Contemporary trends indicate that conventional economic globalization has greatly benefited transnational corporations.²⁰ They have been growing in wealth and in power while poverty is affecting the lives of an increasing number of people world-wide.²¹

Inequalities between rich and poor—people and nations—are increasing around the globe. Even as staunch a proponent of neo-liberal trade policies as *The Economist* acknowledges that the distribution of income is becoming more unequal.²² And, as reported by the United Nations Development Programmes (UNDP), the countries of the OECD (Organization for Economic Cooperation and Development), which represent only 19 percent of the world's population, account for 71 percent of global trade in goods and services and 58 percent of foreign direct investment.²³ Although the global GDP has increased, in over 80 countries the average per-capita income is lower than a decade or more ago.²⁴ Meanwhile, assets of the planet's three richest men exceed the combined GDP of the 43 least developed countries and their 600 million inhabitants.²⁵

The UNDP also highlights a recent surge of mergers and acquisitions, which concentrate industrial power in the hands of giant corporations, thereby eroding competition. For example, in 1998, the top 10 pesticide companies controlled 85 percent of a \$31 billion global market—and the

²⁰ United Nations Development Program: www.undp.org. Also: Third World Network: www.twinside.org.sg. Also: Corporate Watch: www.corpwatch.org/ Also: Canadian Council for International Cooperation: www.fly.web.net/ccic-ccci. Also: Barlow and Clarke. op.cit Also: Wilson, Mauren G. and Elizabeth Whitemore. *Seeds of Fire: Social Development in an Era of Globalism*. Halifax: Fernwood Publishing And Ottawa: Canadian Consortium for International Social Development (CCISD), And New York: The Apex Press. 2000. 207p. Also: Chossudovsky, Michel. *La mondialisation de la pauvreté*. Montréal: Écosociété. 1998.

²¹ Ibid.

²² "Winners and Losers," *The Economist*, (April 26, 2001).

²³ UNDP. op.cit. p.2.

²⁴ Ibid.

top 10 telecommunications companies controlled 86 percent of a \$262 billion market.²⁶

Adam Smith is celebrated as the father of free trade, but we would do well to remember his observation that “People of the same trade seldom meet together... but the conversation ends in a conspiracy against the publick, or in some contrivance to raise prices.”²⁷ Smith predicted that market forces would act in favour of “natural progress,” but only if the market were free from the control of a minority. Today, businesses are uniting into powerful lobby groups within the various Chambers of Commerce as well as within industrial groups such as the Business Council on National Issues (BCNI) in Canada, the European-American Business Council (EABC) and the European Round Table of Industrialists (ERT), to mention but a few. They have come to build intimate relationships with trade bureaucrats and governments all over the world.²⁸ They are pushing forward economic “growth” as an agenda that will bring benefits to everyone. However, as we have seen, this is not the case. The deepening global economic ties have so far mainly benefited an elite and have failed to prevent environmental destruction. Part of the problem, is the narrow interpretation of what constitutes growth and wealth.

1.1.2 Measuring Wealth

The way that growth and wealth are measured pays little heed to the actual well-being of people, nor does it take future generations into

²⁵ UNDP. *op.cit.* p.3.

²⁶ *Ibid.*

²⁷ Smith, Adam. *An Inquiry into the Nature and Causes of the Wealth of Nations*. Oxford and New York: Oxford University Press, 1993.

²⁸ Barlow and Clarke. *op.cit.* Also: Korten *op.cit.* Also: Corporate Europe Observatory. *Europe, Inc.: Dangerous liaisons between EU institutions and industry*. Amsterdam:

account.²⁹ The disappearance of species, the contamination of water, the exploitation of workers and other ecological and social problems resulting from the intensification of production do not appear as costs on the balance sheets of businesses.³⁰ Rather, they are considered to be externalities, the costs of which are usually assumed by society as a whole—especially in instances where environmental and social regulation are weak.³¹ On the other hand, profits from the exploitation of collective resources flow directly to the private sector.³² To take one example, the profits from harvesting a piece of Crown forest, whether 200 or 2000 years old, go mainly to the companies who cut and process the wood rather than to the population who have collective rights to it. The production and trade of coffee provides another good example, as we will see in later chapters.

The vast majority of economists, policymakers and members of the public consider per-capita GDP as the main indicator of economic health and progress.³³ A country's GDP is the value of domestic consumption, plus the value of business investments, plus the value of government spending, and the value of net exports (exports minus imports).³⁴ Valuable goods and services such as home child care, clean water and domestically grown food are not included. Also, no allowance is made

Corporate Europe Observatory, 1997.

²⁹ Daly, Herman E. and John B. Cobb Jr. *For the Common Good—Redirecting the Economy Toward Community, the Environment, and Sustainable Future*. Boston: Beacon Press, 1994. 534 p.

³⁰ Estes, Ralph. *Tyranny of the Bottom Line: When Corporations Make People Do Bad Things*. San Francisco and West Hartford, CT: Barrett-Koehler Publishers and Kumerian Press. 1995.

³¹ Stavins, Robert N. Ed. *Economics of the Environment: Selected Readings*. New York and London: W.W. Norton & Company. 2000. 659 p.

³² Hawken. Paul. *The Ecology of Commerce: A Declaration of Sustainability*. New York: HarperBusiness. 1993. 250 p.

³³ Costanza, Robert; Cumberland, John; Daly, Herman; Goodland, Robert and Norgaard, Richard. *An Introduction to Ecological Economics*. St. Lucie: International Society for Ecological Economics. 1997.

³⁴ *Ibid.* Also: Daly, Herman E. *Beyond Growth: The Economics of Sustainable Development*. Boston: Beacon Press. 1996.

for the negative effects of economic activity. So \$2 million spent on education is given the same value for its contribution to the economy as \$2 million dollars spent on coffins. The construction of prisons and the increasing numbers of road accidents are also seen as contributions to the economy since they are adding to the GDP.

In this scheme, unless a good or service has market value, it has no economic value at all. And if it has no economic value, scant attention is paid to it in the political decision-making process.³⁵ How would you measure the value of clean air, clean water, a mother's care for her child, or simple happiness? Quantity is easier to quantify than quality.

Compare the situation of two people. The first is a small coffee farmer in Guatemala, living on his own land, and self-sufficient in food and accommodation. He has almost no money. The second lives in Mexico near the US border. She works in a sweatshop sewing shirts from 8am to 6pm six days a week. She pays rent and buys her food. Three times more money passes through her hands than through those of the coffee farmer. Is she happier? Who knows? But our system of economic accounting implicitly considers that having more money is better.³⁶ The performance of different countries tends to be compared to others according to their GDP, which fails to take into account the quality of life of its people.

The small-scale farmer contributes little to economic growth in the conventional sense. Much of his daily work is geared towards self-sufficiency and therefore has no market value nor is it reflected in the

³⁵ Daly, Herman E., and B. Coob Jr. *For the Common Good: Redirecting the economy toward community, the environment, and a sustainable future*. Boston: Beacon Press, 1994. Also: Waring, Marilyn. *Counting for Nothing*. Toronto: University of Toronto Press. 1999.

³⁶ Waring, Marilyn. *Counting for Nothing*. Toronto: University of Toronto Press. 1999. *op. cit.*

GDP. The sweatshop worker on the other hand, because she is dealing in hard currency, is seen as doing much more for the economy. She is making it grow. This kind of economic analysis prioritises certain types of activities over others. It motivates policymakers to stimulate exports rather than the meeting of local needs. The assumption is that the population will be better off with a greater income and the country with a greater GDP. But as the above example suggests, the situation may not be so clear cut. Quality of life is much more difficult to measure than GDP, but it is GDP which is used to compare one country's performance relative to another.

Not only does GDP fail to calculate the real value of the world around us, but it also considers some negative goods and services positively. This becomes especially clear when we look at the relationship between environmental degradation and economic growth. The clean water of a lake contributes nothing to economic growth (unless exploited commercially), but the cleaning up of a polluted lake does. Air contamination leads to increased spending on health care, thereby contributing to the economy. Within this logic, it is better for the economy to respond to problems than to prevent them from happening in the first place. Who profits when new technologies are developed? Usually the private sector. Most often, the cost of remediation is borne by citizens, through their governments, rather than by the industries that create the pollution.

Many problems that have arisen from human disregard for nature can be neither evaluated nor repaired. This is the case for vanishing species, global warming and the destruction of indigenous cultures. None of these are deducted from the GDP.³⁷ As a result, an unprecedented,

³⁷ Daly, Herman E. and Townsend, Kenneth N. *Valuing the Earth: Economics,*

uncalculated and incalculable ecological and social debt is being created—one that the World Bank is not accounting for.

1.1.3 State, Sovereignty, and Territoriality

The leaders of the world are accelerating the process of globalization by concluding international free-trade agreements that transform their own ability to intervene in the economy.³⁸ Globalisation is modifying the traditional role of the state and redefining territoriality and sovereignty, and thus, the foundations and political principles on which the Westphalian order rests since 1648.³⁹ National sovereignty has become relative, with states wielding less and less supreme authority within their borders. Frontiers are becoming increasingly porous for goods and services, but not for individuals (with the exception of citizens within the European Union).

What is presumed to be a 'liberal democracy' is increasingly moving towards a 'market democracy'. Today economic specialisation among national economies combined with new international laws restrict the capacity of national governments to be self-reliant, to choose their own economic system, or even to manipulate their domestic economies for social or environmental purposes.⁴⁰ States are undermining their own

Ecology, Ethics. Cambridge and London: MIT Press. 1993.

³⁸ Held, David & Anthony McGrew & David Goldblatt & Jonathan Perraton. *Global Transformation*. Stanford: Stanford University Press. 1999.

³⁹ M'Gonigle, Michael. Reconstituting Sovereignty as Reclaiming Territory: New (Old) Approaches to Human Security. (Victoria: Eco-Research Chair Environmental Law and Policy, Faculty of Law and School of Environmental Studies, University of Victoria. October 28-29, 1999). Prepared for the Plenary Panel, 28th Annual Conference on International Law. 9p. Lalonde, Marc. *The Withering of the State?* *Constitutional Forum*. (Edmonton: Centre for Constitutional Studies. Spring 1997) Vol. 8, No. 3. pp.47-52. Also: McGrew, Antony. *The Transformation of Democracy?* (Cambridge: Polity Press, 1997).

⁴⁰ Dyer, Gwynne. *Globalization of the Nation-State; Behind the Headlines*. Ottawa:

autonomy as policymakers in the quest for global competitiveness and the race for productivity and profitability.⁴¹ Governments, like industry, use the argument of “competitiveness” to avoid the implementation of environmental and social regulations; the world market is such that weak regulations often translate into “comparative advantages”.

States today have become the mouthpieces of multinational corporations, facilitating their race for profit through “trade missions” and free-trade negotiations. This was obvious in Seattle at the World Trade Organization (WTO) Millennium Round in 1999 and in Québec City in 2001 at the Free Trade Agreement of the Americas (FTAA) meeting. At the first press conference organized by the Canadian government in Seattle, the only list of contacts given to the media were of business organizations and government representatives.⁴² No contacts were given for organizations defending human rights, social justice or the environment. In Québec City, a wall was built to keep citizens out of the enclave in which delegates were negotiating, while corporations were welcomed inside. Private enterprises such as Bombardier (an aerospace firm also involved in defence services) and Alcan (an aluminum company) were given access to government representatives from the entire “hemisphere” (except Cuba) through the sponsoring of breakfasts or cocktail receptions at costs ranging from CDN \$50,000 to \$1.5 million.⁴³ Meanwhile, 60,000 citizens from all walks of life who wished to voice their opinions on the FTAA project were kept outside the wall.

Canadian Institute of International Affairs, (1996). Pp. 1-15.

⁴¹ Cerny, Philip G. Globalization and the Erosion of Democracy. *European Journal of Political Research* (Dordrecht). Vol. 36, (1999). P.5.

⁴² I attended the Canadian Press Conference held the 29th of November 1999 at the Mayflower Park Hotel in Seattle.

⁴³ *La Presse*, (May 21, 2001).

1.1.4 Mental Colonialism and the Mutation of Democracy

In today's global economy—just as during the imperial period— global dominance remains a goal, but one apparently to be achieved through marketing rather than military strategy. Nowadays brand names, more than flags, symbolise the conquests of the richest countries.⁴⁴ Multinational corporations move their operations from place to place, wherever conditions are most profitable.⁴⁵

Driven by the interests of these big corporations, citizens are to be conquered, but this time as consumers, using the tool of advertising. Our mental space is colonised with the help of powerful marketing strategies closely meshed with popular culture. The US movie industry is a highly effective vehicle for spreading the seeds of consumer culture across the globe and for making people crave American products.⁴⁶ Many of us have come to believe that we are not what we eat, but what we consume.⁴⁷

International treaties such as the North American Free Trade Agreement (NAFTA) and the World Trade Organization (WTO) further the power of corporations over states.⁴⁸ The secretive manner in which trade negotiations are conducted keeps citizens—and even most elected

⁴⁴ Klein, Naomi *No Logo: Taking on the brand bullies*. Toronto: Vintage Canada, 2000.

⁴⁵ Chavagneux, Christian. "La firme mondiale: mythe et réalité". *Alternatives économiques*. No.189. (February 2001) 32-34.

⁴⁶ Held, David & Anthony McGrew & David Goldblatt & Jonathan Perraton. *Global Transformation*. Stanford: Stanford University Press, 1999. 353-56. Also: Leduc, Louise. *Quand la pub fait son cinéma*. Le Devoir. décembre 2000.

⁴⁷ Adbusters Media Foundation: www.adbusters.org.

⁴⁸ M'Gonigle, Michael. "An Emerging Global Constitution." *Focus on Forests and Communities*. WTO Edition, November 1999. A publication of the International Network of Forests and Communities. University of Victoria. Issue No.1. 1. Also: Trouvelot, Sandrine. "L'OMC, un arbitre sous influence." *Alternatives économiques*, No.159. (May 1998). Also: Wallach, Lori, and Michelle Sforza. *Whose Trade Organization?* Washington, D.C.: Public Citizen, 1999.

representatives—far away from the process.⁴⁹ These agreements provide for binding arbitration between states in a manner that puts trade before all other concerns.⁵⁰ The WTO agreements include no minimum standards to protect the environment, human and labour rights, or cultural diversity.⁵¹ Such is their reach that they place limits on the power of governments to legislate in the areas of culture, health, education, environment, agriculture and natural resources, to name but a few.⁵² Renato Ruggiero, former Director of the WTO, makes the aim quite clear: “We are no longer writing the rules of interaction among separate national economies. We are writing the constitution of a single global economy.”⁵³

As explained by M’Gonigle: “In the modern state, constitutions define the rights of individuals, establish the structure of government, and set controls on the uses of political and economic power. A constitution is the fundamental and supreme law that, as the law dictionary puts it, ‘establishes the basic principles to which international life is to be conformed’. Constitutions are all-embracing. A constitution is difficult to change.”⁵⁴

⁴⁹ Shrybman, Steven. *The World Trade Organization: A Citizen's Guide*. Ottawa: The Canadian Centre for Policy Alternatives, and Toronto: James Lorimer & Company, 1999. P.6 Also: Report from Stéphane Tremblay (Bloc Québécois) and Svend Robinson (NDP) presenting the conclusions of the Parliamentarians Forum which preceded the FTAA meeting. Second People’s Summit of the Americas, 17-21 April 2001, Québec City.

⁵⁰ Walter, Emily. “Whose Rules? Whose Planet?” Focus on Forests and Communities. WTO Edition, November 1999. A publication of the International Network of Forests and Communities. University of Victoria. Issue No.1. 2. Also: Barlow and Clarke. op.cit. Also: Shrybman, Steven. op.cit.

⁵¹ WTO: www.wto.org.

⁵² Shrybman, Steven. *The World Trade Organization: A Citizen's Guide*. Ottawa: The Canadian Centre for Policy Alternatives, and Toronto: James Lorimer & Company, 1999.

⁵³ UNCTAD. UNCTAD and WTO: A Common Goal in a Global Economy. Press Release. www.unctad.org/en/special/tb43pr05.htm.

⁵⁴ M’Gonigle, Michael. op. cit. p.1. Quote from Black’s Law Dictionary, 6th Ed. 1990.

Having the WTO as a global constitution, decisions affecting millions of people are being made, not by national governments, and far less often by local institutions, but by agencies outside their national borders. Power has been transferred to unelected international bodies, making it almost impossible for ordinary citizens to affect decisions directly. The decisions of WTO trade bureaucrats in Geneva affect the lives of people all over the world.

The Agreement on Trade-Related Intellectual Property Rights (TRIP) within the WTO is only one example among many. This agreement permits corporations to establish property rights over traditional seeds and medicinal plants. These are new rights, allowing private corporations to patent life, overturning the long-held community-based rights of small-scale farmers and wresting control from local communities over products and processes derived from traditional methods.⁵⁵

Some regional trade agreements go even further than the WTO in disempowering citizens and their elected representatives and exposing them to the nefarious effects of the antisocial behaviour of corporations. Chapter 11 of NAFTA allows foreign investors to sue governments for current and anticipated loss of profit occasioned by national regulations deemed to be inconsistent with NAFTA provisions.⁵⁶ They can challenge foreign national regulations that directly limit their sales. In 1997 the US company Ethyl Corporation sued the Canadian government for \$251 million for prohibiting the import of one of its products, the gasoline

West Publishing, St. Paul, MN.

⁵⁵ Khor, Martin, "Global Economy and the Third World" in *The Case Against the Global Economy*. Sierra Club Books, San Francisco, 1996 Also: Shrybman. *op.cit.*

⁵⁶ Canada. *Accord de Libre-échange Nord-Américain: Entre le Gouvernement du Canada, le Gouvernement des États-Unis d'Amérique et le Gouvernement des États-Unis du Mexique*. Ottawa: Supply and Services Canada, 1993.

additive MMT.⁵⁷ This additive had already been banned in many countries because of the dangers it poses to human health and the environment. Realising that it would lose the case, the Canadian government settled out of court. Not only did Canada remove its ban of MMT but Ethyl Corporation was paid \$13 million in compensation, with Canadian taxpayers footing the bill. This is only one example of the loaded effects of NAFTA on people and the environment; many others could be cited.⁵⁸

Given the current power of the corporate sector and the ways in which states all over the world are making political decisions to facilitate commerce, there is little doubt that we are in a “market era”. Considering that the global market rules the economy and that the economy commands politics we could also conclude that buying becomes voting. In the context of democracy, which favours equality of rights and privileges, this is oxymoronic since power in the market is controlled by money, and money is unequally distributed. Under such conditions, all humans are not born equal.

1.2 Rebuilding Democracy

As the structures of power are internationalized through new and stronger trade agreements, a growing sense of disempowerment is spreading throughout society.⁵⁹ The rumblings of anger are being felt across borders, across social classes, across the barriers of race, sex and age.⁶⁰ Citizens are uniting and organizing to resist the overarching

⁵⁷ Petit, Martin and Martin Poirier, *Mondialisation et Environnement*. Institut de recherche et d'information socio-économique (IRIS), Montréal, April 2001.

⁵⁸ *Ibid.*

⁵⁹ McGrew, *op. cit.*

⁶⁰ Wilson, Mauren G. and Elizabeth Whitmore. *Seeds of Fire: Social Development in*

authority of the market, a concept used to explain or justify almost every economic, political or social phenomenon. In many different voices and in many different languages people are saying “no” to the globalization of human and environmental exploitation. Instead, they are calling for the globalization of solidarity; and for the building of an economy that is at the service, not the disservice, of the people.⁶¹

Even elected officials and members of government, are beginning to denounce the erosive influence of international trade agreements on democratic structures.⁶² Unionists, human-rights activists, environmentalists, aboriginal people and women’s groups have been walking side by side in Seattle, Prague, Washington, Nice, Québec City, and Genoa. These rallies are only one manifestation of a powerful undercurrent of revolution starting in people’s heads and moving in the direction of daily action.

1.2.1 The Rise of Civil-Society Organizations

In 1999 the United Nations estimated that one person in five was involved in a civil-society organisation.⁶³ The non-profit sector is growing at an unprecedented rate across the globe and is increasingly assuming responsibility for sectors previously the domain of governments, both national and local.⁶⁴ Furthermore, organisations are

an Era of Globalism. Halifax: Fernwood Publishing And Ottawa: Canadian Consortium for International Social Development (CCISD), And New York: The Apex Press. 2000.

⁶¹ Frémeaux, Philippe. “Vive la mondialisation citoyenne”. *Alternative économique*. No. 189. (February 2001). P.3.

⁶² Report from Stéphane Tremblay (Bloc Québécois) and Svend Robinson (NDP) presenting the conclusions of the Parliamentarians Forum which preceded the FTAA meeting. Second People’s Summit of the Americas, 17-21 April 2001, Québec City.

⁶³ United Nations Development Program (UNDP). *Human Development Report 2000*. London: Oxford University Press, 2000.

⁶⁴ Krut, Riva. *Globalization and Civil Society: NGO Influence in International decision-Making*. Geneva: United Nations Research Institute for Social Development (UNRISD). No.83. (April 1997).

often doing so without a corresponding allocation of the resources needed to accomplish such broad tasks. Through civil-society organisations, citizens are working to alleviate poverty, protect the environment, and defend minority groups.⁶⁵ In short, they are attempting to mend a social fabric torn apart by neo-liberal policies.

Civil-society organizations are also creating transnational social movements. Operating through various networks and umbrella structures, they are globalizing their local, regional and international actions to advance their causes whether against labour abuses, to protect the environment, to promote human rights, or in defense of other issues.⁶⁶ There is an increasing understanding of the interdependence of all people, species and ecosystems on Earth.⁶⁷ Organisations have come to realise the need to work on a global scale to address local problems. Global problems such as climate change, the diminishing of the ozone layer, transborder pollution, economic exploitation, overpopulation and over-consumption have local impacts but also transcend borders and therefore require a global response. The creation of global solidarity networks has already proven to be effective in various sectors and has been well documented.⁶⁸

The uprising of the Zapatista Movement, is a good example of the potential power of connecting local mobilisation with international issues and a wide range of international organisations. The *Ejército Zapatista*

⁶⁵ Wilson and Whitmore, op. cit.

⁶⁶ Wapner, Paul. "Politics Beyond the State: Environmental Activism and World Civic Politics". World Politics No.47. (April 1995), 311-40.

⁶⁷ Courville, Sasha L. International Non-Governmental Organizations: Bridging the local and the Global. BES Program, Faculty of Environmental Studies, York University, North York Ontario, 1995.

⁶⁸ Salazar, Hilda, and Laura Carlsen. The social and environmental impacts of NAFTA: Grassroots responses to economic integration. Mexico: Red Mexicana de Acción Frente al Libre Comercio, 2001 Klein, op. cit. 2000. Also: Wilson. and Whitmore, op. cit. Also: UNDP, op.cit. Also: Gélinas, op. cit.

*de Liberación Nacional (EZLN)*⁶⁹ was primarily formed in Chiapas to fight against the exploitation of indigenous people. They mobilised against poverty, discrimination and against the control of a “white” elite over natural resources. They wanted constitutional recognition of indigenous rights and culture. They proclaimed a revolution on the inaugural day of the North American Free Trade Agreement (NAFTA), which modified the traditional community-based land system to facilitate privatization. On that date they say *¡Ya Basta!* (Enough is enough!).

What began as the struggle of indigenous peoples in Chiapas against the Mexican government grew to become a global symbol of the fight of all the “excluded” against neo-liberal exploitation.⁷⁰ All those left out of the neo-liberal economic system, regardless of where they live, could be hidden behind the black crow of the Zapatistas. Through the use of potent imagery and sophisticated communication strategies (Internet and media), the Zapatista movement became a transnational movement. When the Zapatista started their march from San Cristóbal de las Casas to Mexico City to meet the new president Vicente Fox in February 2001, international personalities such as José Saramago, Danielle Mitterand, José Bové, the European deputy Sami Naïr, Georges Wolinski and Alain Touraine, among others, joined them.⁷¹ Mass media from around the world covered the event.⁷²

The anti-corporate movements give other examples of transnationalization of civil society actions. Organisations are adopting a wide variety of strategies to get the attention and influence transnational

⁶⁹ Zapata Army of National Liberation

⁷⁰ Collier, George A. *Basta! Land and the Zapatista Rebellion in Chiapas*. Oakland: Food First Book, 1994.

⁷¹ Ramonet, Ignacio. *Marcos: La dignité rebelle*. Paris: Galilée. 2001.

⁷² I was in San Cristobal de las Casas when the Zapatista started their walk on February 25 (February 19-March 1st, 2001).

corporations. Some activists are choosing to adopt the “suit and tie” of the business world and attend investors meetings in order to make proposals for change. Others are staging theatrical direct actions or civil disobedience campaigns in front of the headquarters of large multinational corporations. Nike, Shell, Levi’s, Gap, Monsanto, and Starbucks are only a few of the many companies who have been confronted with civil society campaigns in the last five years.⁷³ Their corporate image is under attack—and with it their financial bottom line.⁷⁴

As reported by *Alternatives Économiques* magazine, despite a healthy US economy, revenues of Nike in its own country dropped from US \$5.2 billion in 1997 to \$4.7 billion in 2000, partly as a result of Nike anti-sweatshop campaigns according to economic analysis.⁷⁵ Also, last year, under pressure from civil society organisations, the biotechnology firm Monsanto was forced to take its genetically modify seed *Terminator* off the market, despite the millions of dollars already invested in research and development.⁷⁶

Citizens are also building spontaneous movements at a very local level, where municipalities are showing themselves to be incapable of adequately addressing the numerous challenges begotten by economic globalization. Ordinary citizens who have never been involved in activism are taking actions to resist the global juggernaut, the “Think Big” model imposed upon them by the global economic context.

⁷³ Klein, op.cit.

⁷³ Seuret, Franck. “Nike bouge sous la pression”. *Alternative économiques*. No. 189. (February)

⁷⁴ “Le capitaliste autrement”, *L’économie politique*. No. 7. (Third Semester 2000).

⁷⁵ Seuret, Franck. “Nike bouge sous la pression”. *Alternative économiques*. No. 189. (February 2001) pp. 52-54. Also: www.nikebiz.com/labor/reports/toc_studrep.shtml

⁷⁶ Chavagneux, Christian. “Une influence grandissante”. *Alternatives économiques*. Vol. 189. February 2001. P.37.

On August 28, 2000 in Sainte-Croix-de-Lotbinière, a small, conservative agricultural village on the St. Lawrence River in Québec, Canada, 36 local residents of all ages staged a four-hour sit-in at the office of their provincial member of parliament, Jean-Guy Paré.⁷⁷ None of them had any experience with civil disobedience, but all felt the need to mobilize for the health of their community and the environment. The quality of the community's water, soil and air was threatened by the proliferation of large-scale hog farms. The residents had already gone through the official channels of representation by writing letters, sending petitions and attending municipal council meetings to make their voices heard, but felt their concerns were being ignored.

These were well-informed citizens, asking their elected representative pointed questions and telling him their hopes for their village and for their province. One of the leaders, Guildor Michaud, said: "When we elected you, it was not to make us competitive on the world market. We elected you to manage our everyday collective problems... but not under such conditions." A young mother holding her child added with emotion: "We voted for the health of our children, for a blueprint for society, for happiness, not for the destruction of our environment to benefit a few people who are making a lot of money selling their pigs to Japan. We want to be counted."

This is only one example among many across the world. As reflection turns into action, thousands of similar mobilizations of citizens are gathering pace around the world—often far from the media's gaze. In Paris, Amsterdam and Madrid people are squatting in unoccupied

⁷⁷ National Film Board of Canada. Shoots from Hugo Latulippe filmed on August 28, 2000 at Ste-Croix-de-Lotbinière, in preparation for the documentary "Bacon, Le Film" released in September 2001.

buildings. In Brazil, landless people are reclaiming the land. In India villagers are organizing to counter genetically modified crops and the patenting of life.

As small as each of these gestures might appear, taken individually, each is an important step in rebuilding democracy—from the bottom up. People have begun to question the prevailing economic system. The challenge will be to create something different.

1.2.2 The Emergence of an Ethical Consumer Movement

People are beginning to realize the power of their money, no matter how little they might have. The dominant discourse sees citizens as merely consumers; however, some consumers are now reclaiming their citizens' "rights" and responsibilities by putting their money where their values are. Every day, people are making personal choices as producers, businesses and consumers, that contribute to the construction of a responsible economy. Fair-trade, organic and other eco-friendly products are finding room in an increasing number of stores. Ethical and environmental investment funds have expanded to the point where Wall Street analysts are taking them seriously.⁷⁸ Investors are including the environmental and social-justice performance of companies as a criteria for investment.⁷⁹ An increasing number of businesses have adopted codes of conduct, although not all independently monitored. Ethical options are becoming increasingly available because people are asking for them, and because civil-society organisations have helped by creating a movement to support them.

⁷⁸ Sauv , Mathieu-Robert. "Les bonnes actions". *L'Actualit * (Montr al). Vol. 26, no.2 (February 2001), 66. Also: "Le capitaliste autrement", *L' conomie politique*. No. 7. (Third Semester 2000).

Responsible businesses are multiplying, thus moving sustainability from the realm of theory to the realm of practice. And although it is encouraging to see companies making changes voluntarily, government intervention is also needed in order to develop mechanisms to ensure that real environmental and social costs are factored into management practices. For this to happen, a diversity of approaches must be undertaken which combine actions from civil society organizations, businesses and the government. As long as environmental and social costs are not reflected in the price paid by consumers, sustainable products will remain at a disadvantage compared to conventional products.

1.2.3 Environmental and Social Cost

The price tag on the products we buy fails to include the environmental and social costs attached to production, transformation, trading, packaging, and transport.

In Montreal, for example, a kilogram of apples produced in Chile with the help of chemical pesticides and fertilizers can be bought for CDN \$0.99 per kg, while the corresponding amount of local apples grown organically costs on average three times as much. If environmental and social costs were included in the price, such as damage to the health and welfare of workers and the costs of decontaminating water and soil in the growing areas, the chemical apple would be much more expensive. In a market situation where prices actually reflected all the costs of production, people would more naturally make sustainable consumer choices. In this case they would be likely to buy more local organic

⁷⁹ For more information on ethical investments: www.socialinvestment.ca

apples than conventionally-produced apples grown thousand of kilometers away.

The same logic would apply for other products: not only local organic food, but also recycled, fair-trade and small-business products. Market studies clearly indicate that, at comparable prices, consumers prefer to buy products with the least negative social and environmental impacts.⁸⁰ Factoring in environmental and social costs would help to restructure the economy around sustainable modes of production and trade.⁸¹

This would be true free trade; current trade is highly subsidized.

Trade is directly aided by rich nations who unfairly flood world markets with cheap commodities, particularly food products. This puts small-scale farmers in countries which cannot compete in the 'subsidy game' out of business. Indirectly, trade is subsidized by workers who do not receive a fair wage or decent working conditions and are forced to live in poverty. Trade is also supported by the artificially low price of energy, which does not take into account the costs associated with depleting non-renewable energy sources, the costs of pollution, and the costs of climate change. Trade is funded by governments and local communities that bear the costs of cleaning up rivers and re-establishing ecosystems and the health costs resulting from contaminated or damaged environments. And ultimately, trade is subsidized by future generations who will not be able to enjoy the diversity of species and culture that their ancestors took for granted.

⁸⁰ Commission for Environmental Cooperation (CEC). *Pour des marchés verts*. 1999. 59. Also: Lortie, Marie-Claude. "Le marketing équitable". *La Presse*. (18 April 2001).

⁸¹ Daly, Herman E. and Townsend, Kenneth N. *Valuing the Earth: Economics, Ecology, Ethics*. Cambridge and London: MIT Press. 1993.

1.2.4 Ethics

As awareness of this artificial subsidy of trade grows, new definitions of commercial ethics, calling for a truly “new economic order” are being articulated – even in more conservative spheres. Ethics has become a cutting-edge subject in the faculties of management in many institutions. At McGill University in Montreal, the undergraduate program includes a core course entitled ‘The Social Context of Business’ that awakens students to the less savoury aspects of current business practices. A new concentration stream is being instituted, developing students’ understanding and orienting their skills towards work in noncorporate sectors. “McGill Business Watch” has become the most popular student club at the faculty, with more than 70 members monitoring the social and environmental practices of corporations and disseminating their findings via a growing internet newsgroup.

Large companies such as McDonald and Walmart are being persuaded to improve some of their practices by way of new currents such as the “Natural Capitalism” propounded by Paul Hawken. This movement speaks to mainstream industries by proposing a model which explores the lucrative opportunities for businesses in an era of increasing environmental restrictions.⁸² Although regarded by some as too timid, Natural Capitalism has been able to convince some multinational corporations known for environmental and social practices that are among the worst to start making concrete changes in their practices.

Just as the population is becoming increasingly aware of their consumer power, businesses are also walking up to the inordinate influence of

⁸² Natural Capitalism web page: www.naturalcapitalism.org And Hawken, Paul. *The Ecology of Commerce: A Declaration of Sustainability*. Harper Business: New York. 1994. xiv

consumers. A recent management guide by Patricia B. Seybold, *The Customer Revolution* argues that the relationship forged by a company with its customers is now more important than all the capital stored in its buildings and bank accounts. As Seybold puts it, “every industry is under siege by its customers.”⁸³ (...) “Companies are valued based on their future earning potential. Where do companies’ earnings come from? From consumers. To increase your earning potential, you need to focus on winning and retaining profitable consumers whose needs you’re serving. It’s as simple as that.”⁸⁴

A side-effect of this discourse can be seen in the way that some companies are donning the cloak of social and environmental responsibility in order to improve their public image. Some are spending more on their image than for concrete actions. In 1999, for example, the cigarette, food and coffee giant Philip Morris gave \$60 million to charity and spent a further \$108 million on advertisements to make sure the world knew about its generosity.⁸⁵

1.2.5 Making “Responsible” Consumer Choices

In general however, a lack of information about the environmental and social practices of corporations makes it difficult for consumers to make judicious choices. Although we may recognize some “responsible” certification seals, such as “organic” and “fair-trade,” most of the products that surround us give us little information about the companies we are funding with our everyday purchases. In the case of coffee for example, someone might choose the brand “Nabob,” deducing from the

⁸³Seybold, Patricia B. *The Customer Revolution: How to thrive when customers are in control*. New York: Crown Business, 2001. p.xvi.

⁸⁴ *Ibid.* p. xv

⁸⁵ *Adbusters*. Marsh/April 2001. No.34. p. 38.

information on the package that it is produced by a small Canadian company, whereas it in fact belongs to the tobacco giant, Philip Morris.⁸⁶

Or, one might decide to boycott Nike shoes as a political statement against labour exploitation. But will the alternative brand warrant our support simply because it has not been denounced by non-governmental organisations? Apparently not. Adidas, Décathlon, Reeboks and other less known brands, may be subcontracting from the very same Asian factories as Nike.⁸⁷ According to the *Alternatives Économiques* journal, the practices of other brands may be even worse. Companies that are not operating under the scrutiny of civil society organisations may feel less of a need to adopt independently monitored ethical practices:

“On peut reprocher beaucoup de choses à Nike, mais certainement pas d’être en retard sur ses concurrents pour tout ce qui touche aux conditions sociales de production. Au contraire. De nombreux autres fabricants ont bien adopté une charte de bonne conduite semblable à la sienne: interdiction du travail forcé et de l’emploi d’enfants, respect de la liberté syndicale, non-discrimination, paiement au moins du salaire minimum et des avantages légaux, etc. Mais, pour l’instant, aucun n’a été aussi loin que la multinationale américaine dans le contrôle de ses sous-traitants et dans la transparence de l’information.”⁸⁸

That is the paradox of branding well presented by Naomi Klein in her book *No Logo*; high profile companies make bigger targets.⁸⁹

1.2.6 Labelling

Clear identification of the environmental and social impacts associated with products is necessary. Civil-society organisations at the

⁸⁶ Philip Morris web page: www.philipmorris.com.

⁸⁷ Klein, op.cit.

⁸⁸ Seuret, Franck. “Nike bouge sous la pression”. *Alternatives Économiques*. No. 189. (February 2001). 54.

⁸⁹ Klein, op. cit.

Environmental Forum of the 2001 Peoples Summit in Québec City proposed the establishment of national and international labelling systems that would compel companies to seek independent monitoring of the social and environmental practices behind their products.⁹⁰ This would help to give market value to the social and environmental costs of production. This would not only be an incentive to companies to show themselves as more responsible, it would also help consumers discern which companies are better “corporate citizens” than others.

To create and enforce such a system would require serious commitments from governments around the world. Current agreements within the World Trade Organization (WTO) are moving in the opposite direction. Indeed, under agreements currently being developed by the WTO, environmental and social regulatory standards are considered *prima facie*, Technical Barriers to Trade (TBT).⁹¹ Discrimination between products on the basis of *where* they were produced and *how* they were made are prohibited. These rules were already put into practice in the case of the “Tuna-Dolphin” dispute between Europe and Mexico on the one hand, and the USA on the other. The WTO ruled that the USA must amend its Marine Mammal Protection Act, thus modifying its “dolphin-safe” law which required fishing practices which did not harm dolphins. “Dolphin-safe” certification standards were thereby weakened.⁹² Technically speaking, “fair-trade,” “shade-grown” and even “organic” certification labelling could be challenged in front of the WTO ruling panel under the TBT agreement.⁹³

⁹⁰ Second People’s Summit. “Déclaration du Forum Environnement”. Montréal: Regroupement Québécois des Groupes Écologistes, April 18, 2001.

⁹¹ Shrybman. *op.cit.* p. 11.

⁹² Wallach, Lori, and Michelle Sforza. *Whose Trade Organization?* Washington, D.C.: Public Citizen, 1999. 22-29

⁹³ Courville, Sasha Leigh. *Not Just Trade: Steps Toward Incorporating Social and Ecological Costs into International Trade. Lessons Learned from ‘Better’ Case Studies of Coffee Production-to-Consumption Systems.* A thesis submitted for the degree of

To avoid the threat of WTO action, the leading international standard-setting, accreditation and labelling organisations in social and environmental certification have united under the International Social and Environmental Accreditation and Labelling (ISEAL) Alliance. One of ISEAL's objectives is to gain international recognition and credibility for their programs in the eyes of intergovernmental trade bodies and in the international arena. Consequently, they are working to secure acceptance of their criteria as international standards in order to avoid having their initiatives' be considered technical barriers to trade.⁹⁴ The organisations currently participating in ISEAL are: FairTrade Labelling Organizations International (FLO), the Conservation Agriculture Network (CAN), the Forest Stewardship Council (FSC), the International Federation of Organic Agriculture Movements (IFOAM), the International Organic Accreditation Service (IOAS), the Marine Stewardship Council (MSC), and Social Accountability International (SAI).

1.2.7 Giving Up Some Sovereignty for the Common Good

Sustainability should be a requirement for all trade, and not merely a means for well-off, educated consumers. But to achieve this, much work needs to be done at the political level: government standards would have to be strengthened internationally so that low environmental and labour regulations cease to be comparative advantages that mainly benefit multinational corporations.

Doctor of Philosophy of the Australian National University. June 2001. p. 39. Also: Tallontire, Anne. Will the WTO prevent the growth of ethical trade? Implications of the international policy environment for ethical trade schemes. Paper to be presented at the 1999 conference of the development Studies Association, University of Bath 12-14 September 1999.

If countries are able to agree on effective global mechanisms to facilitate commerce, why are they not capable of doing so with regard to environmental protection and social justice? Conventions and multilateral agreements to address humanitarian and ecological issues are numerous, but none has the binding power of trade agreements such as NAFTA or the WTO.⁹⁵ For neo-liberal proponents, economic growth is the priority from which environmental conservation and social justice will trickle.⁹⁶ As presented in this chapter, this assumption has proven to be dubious.

For the time being there are no global agreements to ensure that trade is sustainable. However, some enlightened producers, traders and consumer organisations are slowly opening a breach in an economic system that has been built on the exploitation of people and the environment. These people are using the market as a vehicle for environmental and social justice. To give backing and strength to this emerging ethical-trade movement, it helps to understand the workings of the conventional system. In the next chapter, I will present the specific case of coffee.

⁹⁴ Mallet, Patrick. ISEAL Alliance Strategic Role. Background Paper, May 2001. 3p.

⁹⁵ Johnson and Mayrand.op. cit.

⁹⁶ Bhagwati, Jagdish. "The Case for Free Trade": Scientific America. No. 269. November 1993, pp.41-49.

Chapter 2

The Political Economy of Coffee Production and Trade

Coffee is part of the everyday lives of billions of people all around the world. North Americans consume more than 4 kg (9 lb.) of the black drink per capita per year, which averages out to about two cups per day for every man, woman and child.⁹⁷ In 70 Southern countries, coffee is also the livelihood of 20 million workers of all ages who pick over 6 million tonnes of beans annually.⁹⁸ The International Coffee Organization estimates that approximately 11 million hectares of the world's farmland is dedicated to coffee cultivation—an area roughly the size of the state of Ohio, or of Switzerland, Belgium and the Netherlands combined.⁹⁹

Coffee is one of the most widely traded products on the international market and is the top foreign-currency earner for many nations.¹⁰⁰ Cultivated almost exclusively in developing nations, it represents an important cash crop needed for debt repayment. For countries such as Uganda, Burundi and Rwanda, coffee represents up to 80 percent of total exports.¹⁰¹ Latin American countries like Colombia, Guatemala and Nicaragua also depend on coffee export, although to a lesser extent: it represents around 20 percent of their export earnings.¹⁰² Price fluctuations on the commodity exchanges of New York or London thus

⁹⁷ Statistics Canada #32-229-XPB. Food consumption in Canada, Part 1, Department of Industry, June 1999, Ottawa.

⁹⁸ Rice, Paul D., and Jennifer McLean. Sustainable Coffee at the Crossroads. Washington, D.C.: Consumer's Choice Council, October 15, 1999. p. 21.

⁹⁹ Rice and McLean. *op. cit.* p. 12.

¹⁰⁰ United Nations Conference on Trade and Development: www.unctad.com

¹⁰¹ Dicum, Greg, and Nina Luttinger. *The Coffee Book: Anatomy of an industry from crop to the last drop.* New York: The New Press, 1999. 100.

¹⁰² *Ibid.*

have a tremendous impact, especially on countries with less diversified economies.

2.1 The History of Coffee

The coffee tree is indigenous to Ethiopia and its fruit is said to have first been harvested in the province of Kaffa in the mid-12th century.¹⁰³ Traders brought coffee to the Middle East, from where it began to spread outwards in the 15th century, penetrating every corner of Europe over the next two hundred years. Coffee houses became popular meeting places where intellectual and philosophical questions were debated.¹⁰⁴

During the 18th and 19th centuries, the spread of coffee cultivation and trade was rooted in colonialism. Coffee had become a highly prized commodity in Europe and could be cultivated in many tropical areas. The Dutch were the first to introduce the crop to their colony in what is now Indonesia, followed by the British and the French in the Caribbean and the Portuguese in Brazil.¹⁰⁵ Natives were enslaved to work in the coffee plantations, and slaves were brought from Africa.¹⁰⁶

The practices of colonialism and slavery persisted in many coffee-growing areas, and their echoes are still felt today: poor labour practices and dependence on industrialized countries remain a dominant feature of coffee production and trade. During the period of decolonization, coffee was put forward as a miracle crop that would allow developing countries to achieve economic growth.¹⁰⁷ This promise was never fulfilled. Today,

¹⁰³ Wrigley, Gordon. *Coffee*, New York: Longman Scientific & Technical, 1988.

¹⁰⁴ Dicum and Luttinger. *op. cit.*

¹⁰⁵ Ferré, Felipe. *L'aventure du café*. Milan: Denoël, 1988.

¹⁰⁶ *Ibid.*, p. 26.

¹⁰⁷ *Ibid.*, p. 75.

as always, prices fall as more and more coffee is brought onto the market, because demand never grows at the same rate. A recent example has been the vast expansion of coffee production in Vietnam, precipitating a major collapse in world coffee prices. Only when a natural disaster strikes a major coffee-producing area, such as the severe frosts in Brazil in 1994, does the price of coffee rise.

2.2 Coffee in Mexico

Coffee production in Mexico dates back to 1795. Although at first the bulk of the coffee crop was sold on the domestic market, production intensified to meet increasing international demand in the 1870s.¹⁰⁸ Small locally owned farms were replaced by large plantations financed primarily by foreign capital, mostly German, but also American and British.¹⁰⁹ As historian Armando Barta reports, “plantations functioned as economic enclaves, trying to present a modern image, but imposing slave-like conditions on workers.”¹¹⁰ Living conditions for workers and their families were miserable: they were kept in a situation of almost complete dependence on the landowners, receiving barely enough income to survive.

The agrarian revolution that swept through Mexico during the 1930s improved this situation somewhat by giving peasants the chance to own land. However, the big coffee producers were able to hold on to the most fertile land, as well as their transformation plants and commercial contacts, and have maintained this advantageous position to the present

¹⁰⁸ Bartra, Armando. *El México Barbado: Plantaciones Y Monterías Del Sureste Durante El Porfiriato*. Mexico City: El Atajo Ediciones, 1996. p. 44.

¹⁰⁹ *Ibid*, p.45.

¹¹⁰ Museo Nacional de Culturas Populares. *La Vida en un Sorbo*. Exhibition Mexico City. May 1996-February 1997.

day. Although they represent only 8 percent of producers, large landowners amass more than 90 percent of the profits from the sales of unroasted Mexican coffee.¹¹¹

In fact, despite legislation that theoretically favours the poorest Mexican farmers, the concentration of land in the hands of the wealthy is progressively intensifying, arguably as the result of global economic transformations. The North American Free Trade Agreement (NAFTA) forced Mexico to transform its traditional community-based land system to facilitate privatization.¹¹² This has directly affected all agricultural productions including coffee.

NAFTA promised huge benefits for Mexico. In agricultural trade, Mexico was supposed to be able to buy American cereals at cheaper prices, while Mexican fruits and vegetables were supposed to have easier access to the lucrative Northern markets. With this in mind, the Mexican government under President Carlos Salinas increased agricultural aid for export crops and reduced its support for subsistence crops such as corn and beans. Furthermore, a public-sector organization responsible for buying a large part of the harvest, the *Compañía Nacional de Subsistencias Populares* (CNSP) was dismantled. This caused a drop in the production of basic staple crops and an indiscriminate increase in rice, bean and other grain imports. For many small-scale Mexican producers, farming basic grains was no longer feasible and they had no other option but to sell their land and look for jobs in overpopulated cities or immigrate illegally to the United States. This resulted in a drop

¹¹¹ Ibid.

¹¹² Diebel, Linda, "Mexicans Paying Big Price for NAFTA". Toronto Star. April 15, 2001.

in cereal production (20 % in 1996 alone) and the migration of thousands of Mexican farmers to the already overpopulated towns and cities.¹¹³

Specifically, NAFTA did not have significant direct impact on coffee production and trade per se. The USA was already the primary destination for Mexican coffee prior to 1994. In 1993-94, 2,36 million bags (74,8%) of Mexican coffee were exported to the USA, compared to 3,04 million bags (78,2%) in 1997-98.¹¹⁴ The amount of Mexican coffee exported to the Canadian market has and remains marginal, especially compared to the USA. Canada imported only 2 millions bags of coffee in total in 1995, from which 12,000 (6%) were of Mexican origin.

By signing on to NAFTA, Mexico lost its right to participate in any organisations that attempts to regulate or limit the global coffee supply or increase market prices.¹¹⁵ It therefore lost its right to be a member of the Association of Coffee Producing Countries (ACPC); an organisation which works towards the creation of price support agreements aimed at preventing the collapse of coffee prices.¹¹⁶

The Commission for Environmental Cooperation (CEC), the organisation that administers environmental side agreements to NAFTA, has funded research, educational campaigns and broad-based meetings between the main players in the coffee industry in Canada, the USA and Mexico.¹¹⁷ Through its North American Fund for Environmental Cooperation (NAFEC) and its Green Goods and Services Program, the CEC has played an important facilitative role in supporting

¹¹³ Lehman, Karen. "Au Mexique, les fausses promesses de l'Alena." *Le monde diplomatique*. November 1996, p. 26.

¹¹⁴ Organización Internacional del Café. *Monografía Cafetera: México*. London. 1999.

¹¹⁵ North American Free Trade Agreement Secretariat: www.nafta-sec-alena.org.

¹¹⁶ Atkinson, Dan and Denny, Charlotte. "Coffee Growers find grounds for protest." *The Guardian Weekly*. June 8, 2000, p.14.

¹¹⁷ Commission for Environmental Cooperation (CEC): www.cec.org.

environmentally and socially preferable production and consumption activities. The CEC has directly contributed to the development of sustainable coffee in North America, however its lack of authoritative power prevents it from taking more assertive actions towards incorporating social and ecological costs in international trade.¹¹⁸

2.3 The Environmental Cost of Coffee

Like most agricultural sectors, an intensification of coffee production took place during the “green revolution.” During the 1970s the modernization of agriculture led to the development of high-yielding varieties of coffee which no longer needed to be grown under the forest canopy; the traditional method of growing coffee. Intensive mono-crop plantations came to replace the diverse shade-grown ecosystems and production density increased from 1,100-1,500 trees per hectare to 4,000-7,000 trees per hectare. Colombia and Costa Rica have led the way in modernizing coffee plantations. In Colombia, it is estimated that 68 percent of coffee is grown in closely-packed rows under full sun, while in Costa Rica this method accounts for 40 percent of production.¹¹⁹

While the intensification of production has led to increases in coffee yields, it has also created serious environmental problems. These issues are increasingly becoming the subject of investigations by independent research studies, such as those conducted by the Smithsonian Migratory

¹¹⁸ Discussion with the environmental lawyer Yves Corriveau at the Third Ministerial Meeting of the CEC, Dallas, 11 June 2000.

¹¹⁹ Rice, Robert A., and Justin R. Ward. *Coffee, Conservation, and Commerce in the Western Hemisphere*. Washington, D.C.: Smithsonian Migratory Bird Center, 1996. Also: Pendergrast. *op. cit.* p. 400.

Bird Center.¹²⁰ What follows is a summary of some of their main findings.

2.3.1 Deforestation

The replacement of shade-grown coffee plantations with intensive sun-resistant plantations is contributing to tropical deforestation.¹²¹ Mountain forests are being cut down at an alarming rate and being replaced by mono-crop coffee plantations. These forests play an important ecological role by protecting atmospheric dynamics, water quality, and wildlife species.¹²²

2.3.2 Loss of Biodiversity

Deforestation and mono-cropping leads to major habitat loss and the reduction of insect, animal and plant biodiversity.¹²³ For example, studies done in Mexico and Colombia by the Smithsonian Migratory Bird Center indicate that there are over 90% fewer bird species in sun-grown plantations than diversified shade-coffee plantations.¹²⁴

¹²⁰See bibliography for full list.

¹²¹Pendergrast *op. cit.* Also: Perfecto, I., and J. Vandermeer. Microclimatic changes and the indirect loss of ant diversity in a tropical agroecosystem. *Oecologia* 108 (November 1996): pp. 577-582. Also: Perfecto, I.; Vandermeer, J.; Hanson, P. and Cartin, V. "Arthropod biodiversity loss and the transformation of tropical agro-ecosystem." *Biodiversity and Conservation*, vol. 6, 7, July 1997, 935-945. Also: Perfecto, I.; Vandermeer, J.. "Microclimatic changes and the indirect loss of ant diversity in a tropical agroecosystem." *Oecologia*, 108, 3, November 1996, 577-582.

¹²²Rice and Ward. *op. cit.*

¹²³Perfecto, Vandermeer, Hanson, and Cartin. *op. cit.* Also: Greenberg, Russel, Peter Bichier, Andrea Angon Cruz, and Robert Reitsma. Bird Populations in Shade and Sun Coffee Plantations in Central Guatemala. *Conservation Biology*. Vol. 11 (April 1997): pp. 448-459. Also: Greenberg, Russel. *Birds in the Tropics, The Coffee Connection*. Birding (Washington, D.C.). December 1996: pp. 472-481.

¹²⁴Rice and Ward. *op. cit.*

2.3.3 Agrochemical Pollution

Compared with traditional shade-coffee systems, sun cultivation is dependent on an increased use of chemical pesticides and fertilizers.¹²⁵ Contamination has been documented in a number of intensive coffee-production areas in Jamaica, Indonesia and elsewhere.¹²⁶ Some of the chemicals being used in intensive coffee production have been banned in industrial countries because of possible carcinogenicity or long-term persistence in the environment. The use of agrochemicals directly affects the health of farmers and rural people, as well as the quality of soil and water.

2.3.4 Soil Erosion

Monocropping of coffee can cause significant deterioration in soil quality and increased erosion, particularly in fragile mountain environments. It has been documented that in high-rainfall areas, nearly three times the soil nitrogen is lost in unshaded plantations as compared to shade plantations.¹²⁷

2.3.5 Genetically Modified Coffee

Genetically modified coffee varieties have been patented by the company Integrated Coffee Technologies (ICTC).¹²⁸ This Hawaiian-

¹²⁵ Robins. Robert and Abbot. *op. cit.* Also: Lumbanraja, J., T. Syam., H. Nishide, A. K. Mahi, M. Utomo, and M. Kimura. Deterioration of Soil Fertility by Land Use Changes in South Sumatra, Indonesia: from 1970-1990. *Hydrological Processes*. October-November 1998: pp. 2003-2013.

¹²⁶ *Ibid.*

¹²⁷ Rice and Ward. *op.cit.*

¹²⁸ See ITCI Web page: www.integratedcoffee.com.

based firm has developed caffeine-free coffee plants, as well as a new variety with a special ripening process which makes the entire crop ripen at the same time, thereby reducing the amount of labour needed for the harvest. The natural ripening process is “switched off” until the crop is sprayed with ethylene.¹²⁹ Not only does this new variety of coffee increase farmers’ dependency on chemicals, but, as with other genetically modified organisms, the long-term effects on people and the environment are unknown.

Overall, the environmental problems generated by coffee production and trade remain numerous and complex. Industrial techniques used to increase yield and farmers’ revenues have benefited some coffee-growing countries, but most of the benefits have accrued to those able to afford the new technologies. Meanwhile, further environmental degradation has contributed to long-term collective impoverishment. Past experience makes abundantly clear the need to develop integrated solutions that balance social and environmental sustainability in a holistic manner.¹³⁰

The free-trade markets of today may be effective at setting prices, but they are incapable of recognizing the true production costs of the products we buy.¹³¹ If these hidden social and environmental costs were

¹²⁹ Kirby, Alex. “GM coffee ‘threatens farmers’”. BBC News Online. Thursday, 17 May, 2001.

¹³⁰ Mander, Jerry, and Edward Goldsmith, ed. *The Case Against the Global Economy and for a turn toward the local*. San Francisco: Sierra Club Books, 1996. Also: Ritchie, Mark. *Free Trade versus Sustainable Agriculture: The Implications of NAFTA*. *The Ecologist*. Vol. 22, No. 5 (September-October 1992), pp. 221-227. Also: Salazar, Hilda, and Laura Carlsen. *The social and environmental impacts of NAFTA: Grassroots responses to economic integration*. Mexico: Red Mexicana de Acción Frente al Libre Comercio, 2001. Also: Smith, Linda Tuhiwai. *Decolonizing Methodologies: Research and Indigenous peoples*. London and New York: Zed Books, 1999. Also: UCIRI. “Nuestra Historia.” *Nuestra Caminar*, Ixtepec: UCIRI. Pasos No. 27, 1991. Also: Van der Hoff, Franz. *Organizar la Esperanza*, Disertación para obtener el grado de doctor en la Universidad Católica de Nimega, Uitgeversmaatschappij J. H. Kok, Kampen 1992.

¹³¹ Hawken, Paul. *The Ecology of Commerce: A declaration for sustainability*. New

included in the price consumers paid for their morning coffee, the demand for organic and fair-trade brands would skyrocket, because they would be considerably cheaper than conventionally-produced coffee. The result would be an improved situation for coffee growers, and greater respect for the environment.

2.4 The Social Cost of Coffee

The situation of coffee growers varies from one country to another depending on many factors, such as their government's role in regulating labour and agricultural practices and the extent of support for social programs in rural areas. Costa Rica, for example, considered one of the most advanced developing countries in terms of human development, provides better infrastructure and social services to its coffee growers than Ethiopia, whose environmental situation and standard of living are much lower overall.¹³² Another example is Colombia, where there exists the Colombian Coffee Federation (FNC) with a membership of over 500,000 coffee farmers with an average plantation size of less than two hectares. Collectively the FNC has succeeded in securing a price premium for Colombian coffee on the international market: the FNC's massive marketing campaign featuring "Juan Valdez," the "happy coffee farmer," has boosted the demand for Colombian coffee, helping to secure a higher standard of living for growers.¹³³ The Colombian example shows that coffee farmers' incomes can improve, and that the collective marketing of a quality product is a viable approach. However, Colombia is an exception in the coffee world, and their achievements might appear

York: HarperBusiness, 1993. p. 133.

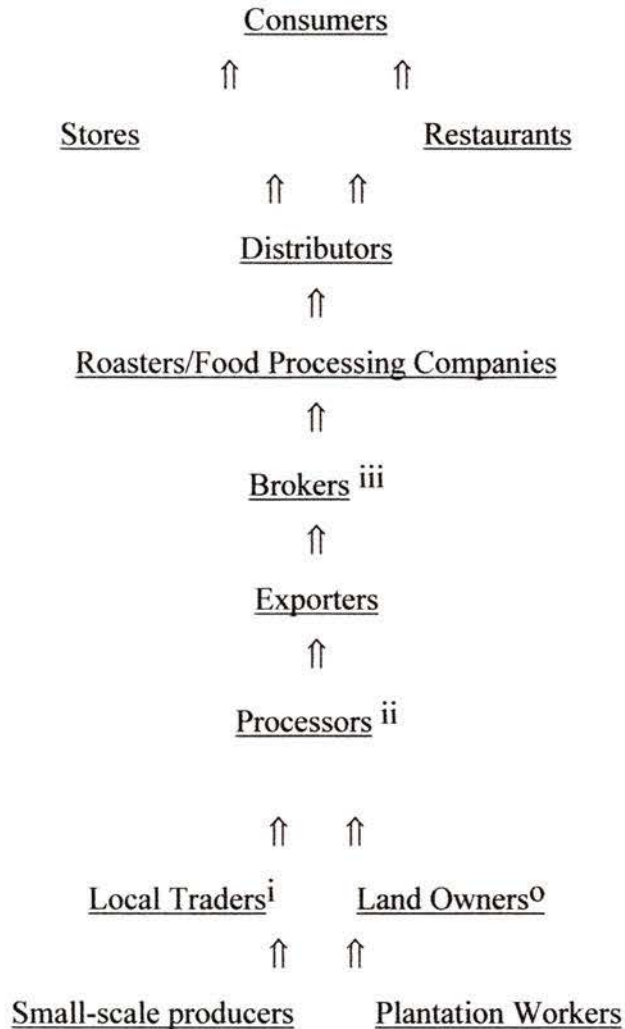
¹³²UNDP. *op. cit.* 1999.

¹³³Colombian Coffee Federation (FNC) web site:
www.juanvaldez.commenu/history/ethics.html

less glowing if the environmental impact of technical developments in Colombian coffee plantations, discussed earlier, were taken into account.

Coffee beans follow a long and winding path, passing through the hands of many intermediaries before they reach our coffeepots. This chain varies from country to country depending on state mechanisms—for example East African countries use regulated auction systems and Colombia relies on a mixture of private and nationalized purchasing arrangements. In general, however, the “coffee route” resembles the diagram below, built on the example of Mexico.

**Figure 1: The Conventional Coffee
From Coffee Plant to Cup**



^o Large coffee estate owners often benefit from their own processing plants and might export their own harvests directly.

ⁱ There can be more than one level of intermediary trader.

ⁱⁱ Coffee must be shelled and classified prior to export. Some coffee processors export directly, others are linked to multinational corporations in the North.

ⁱⁱⁱ The world coffee prices are determined in New York (mostly arabica variety) and London (mostly robusta variety).

2.4.1 Producers

Roughly half of the world's coffee supply comes from small farms with less than five hectares in coffee production.¹³⁴ Incomes tend to be low among families who run small coffee farms—most make an average cash income of between \$600 and \$1,200 annually.¹³⁵ While small-scale growers usually sell a kilogram of their coffee for between \$0.33 and \$1.50 (\$0.15-\$0.70 per lb.), by the time it reaches consumers it has acquired a price tag of between \$8 and \$30 per kilogram (between \$4 and \$14 per lb.).¹³⁶

Peasants

Despite the variations in government policies alluded to above, the situation of peasant farming families in the South is similar from one continent to another. Most are caught in a vicious cycle of poverty.¹³⁷ They have access to limited lands and limited resources. Because they are encouraged to specialize in production for export, their agriculture is not adequately diversified to meet all their own dietary requirements, nor is their income sufficient to buy foods no longer produced locally.¹³⁸

Since peasants do not produce enough coffee to export directly, most have no choice but to sell their crop to local merchants (known as “coyotes” in Latin America) at low prices. Without sufficient funds to meet their needs from one harvest to the next, many peasants borrow money from these local intermediaries, who often represent the only

¹³⁴UNCTAD. *Coffee: An Exporter's Guide*. Geneva, 1992.

¹³⁵Rice and McLean. *op.cit.* p. 22.

¹³⁶Rice and McLean. *op.cit.*p. 11.

¹³⁷Greenfield, Myrna. “Alternative Trade: Giving Coffee a New Flavor” *Making Coffee Strong, Equal Exchange*: Boston, 1993, pp. 7-12.

¹³⁸Dewey, K. G. *Nutrition Consequences of the transfer from Subsistence to Commercial Agriculture in Tabasco: Food Energy in Tropical Ecosystems*, New York: Gordon and Breach Science Publisher. 105-144, 1985. Also: Institute for Agriculture and Trade Policy (IATP): www.iatp.org

possible source of finance in the village. Although governments may from time to time offer loan programs, these are most often oriented towards specific projects, such as the purchase of pesticides or the planting of certain export crops. The government does not lend money for the purchase of corn or beans when the food supply is exhausted or for medicine when a child falls ill. Under these circumstances, peasants turn to the coyote; in return for a loan, they agree to hand over their harvest at a very low price. Once in debt in this way, few peasants are able to break out of the cycle.

Farm workers

Farm workers are even more vulnerable than peasants. These men, women and children move from plantation to plantation, working in areas where labour is abundant, salaries low and enforcement of labour and safety laws weak. Farm workers on coffee estates earn an average of only \$2.00 to \$3.00 per day.¹³⁹ During the harvest season, migrant worker families move from one plantation to the next, following the ripening of the beans, which depends on climate and altitude. They are usually paid per yield, which means that even the youngest members of the family work long days. In Mexico, thousands of Guatemalans cross the border to work on coffee plantations. On some remote estates workers must pay for their food and lodging on site, which leaves very little money at the end of the day. The living conditions on most plantations sites are notoriously overcrowded, with men, women and children packed into crude barracks. Poor sanitary conditions, inadequate nutrition and daily exposure to agrochemicals take their toll on the health of those who grow our daily brew.¹⁴⁰

¹³⁹Rice and McLean. *op.cit.* 11.

¹⁴⁰ Personal visits to coffee plantations in Mexico, October-November 2000.

In the coffee-production system in Mexico and elsewhere, the benefits of production on the most fertile lands remains the privilege of large property owners who benefit from greater land holdings, yields and production volumes.

2.4.1.1 Isolation

In Mexico, over 260,000 coffee growers farm at an altitude of between 600 and 1,500 metres (approx. 2,000 and 5,000 ft.), where lands are mountainous and susceptible to erosion.¹⁴¹ The majority are indigenous people living in very remote regions. Many villages are not accessible by road, with the result that the availability of services such as health care, education, and communication networks is severely limited.

For example, in the Istmo region, renowned for its coffee production, there is one doctor for every 2,780 inhabitants, compared with the national average of one for every 1,850 or the average in industrialised countries which is one for every 390 inhabitants.¹⁴² In the Istmo region, some villages are a two-day walk from the nearest medical centre. The inaccessibility of health care is particularly constraining in emergency situations.

Although primary-level education is available in most villages, teachers usually work at a second job to supplement their low salaries. The quality of education is therefore compromised by the teachers' frequent absence. Few village children go on to secondary school, because their parents cannot afford to send them away to the larger towns where secondary schools are usually located.

¹⁴¹ Museo Nacional de Culturas Populares. op.cit.

¹⁴² INEGI. Anuario Estadístico del Estado de Oaxaca, Mexico, 1995. Also: UNDP. Human Development Report 1994, New York, 1994, p. 223.

Isolation is one of the key reasons why free trade fails to deliver its promised benefits to small-scale farmers. Their lack of market information, competitive markets and real economic choices all contribute to their exploitation, constituting a textbook example of “market failure”.

2.4.1.2 Food insecurity

The population of the Istmo region faces a multitude of dietary deficiencies. According to Aurora and Gregoria de Anda, both doctors in the region, malnutrition is a major problem in rural areas: “People eat a lot of tortillas and black beans here, but few vegetables. They generally have enough to eat, in terms of quantity, but not in terms of quality. Many lack necessary vitamins and minerals.”¹⁴³ Dietary deficiencies make people vulnerable to diseases that would be easily prevented if they had a diversified diet and adequate sanitation. Malnutrition is believed to be one of the primary causes of the high infant mortality rate in the area, reported by local doctors to be twice the national average.¹⁴⁴

In the village of San José el Paraiso there are 13 places to buy soft drinks, yet only one which sporadically sells fresh fruits and vegetables. In May, when Mexican tomatoes invade Canadian and American supermarkets, they sell in San José for about the same price, approximately \$1.80 per kg (\$0.82 per lb.). Since Mexican wages are far lower than ours, tomatoes remain a luxury item for these people. This is a good example of free trade at work. Why don't they grow their own tomatoes? Because tomato plants are fragile and do not always grow well in mountainous regions. People prefer to devote their time to growing corn, black beans and coffee.

¹⁴³ Interview with Dr. Aurora Juez, Lachiviza, 24 May 1996.

¹⁴⁴ Interview with Dr. Gregorio de Anda, San José el paraiso, 30 May 1996.

Despite malnutrition amongst its population, Mexico exports nearly \$4 billion worth of agricultural produce each year, mainly fruits and vegetables.¹⁴⁵ How is one to explain that those who work to ensure that Northern consumers enjoy year-round access to diverse and abundant foods themselves suffer from malnutrition? This example, as well as those described in previous chapters, plainly illustrate how the rules of the international market fail to ensure the fair distribution of resources, with the result that the basic needs of many people are not met.

2.4.1.3 Coffee production

Coffee production demands intense work, great care, and ample time, especially for growers who do not use chemical fertilizers or pesticides. Stakes are used for planting, machetes and axes for clearing, and picks and shovels for general work, but the most important tool remains the farmer's hands.

A coffee tree must grow for approximately four years before it produces any fruit. Before this, specially selected grains are sprouted in a nursery. Then the soil must be prepared before saplings are transplanted. After about a year, trees are pruned to direct their energy towards fruit production rather than plant growth. Coffee trees are frequently weeded to control the growth of other plants which compete with coffee trees for available soil nutrients.

The harvest season is a period of intense activity. Entire communities are mobilized, women and children included. In big plantations, seasonal workers come from all across the country and even from Central

¹⁴⁵ The Economist Intelligence Unit Limited. EIU Country Report 2nd quarter 1999, p.5.

America to pick coffee. It is crucial that the fruit be picked at just the right moment. If beans are picked too soon, their quality is inferior, and if left to ripen too long, the crop may be knocked off by the next heavy rainfall.

After picking, the fruit is “de-pulped”. In the Istmo region, this is typically done using a small hand-mill. The husks are sifted out, leaving two coffee beans from each berry. The coffee beans are left to ferment for a few days, then washed and dried on a cement platform outdoors. In years when there is not enough room on the platform to accommodate the entire harvest, farmers are sometimes forced to sell their moist beans at a reduced price.

2.4.1 4 Use of Chemicals

Most coffee is cultivated with chemical fertilizers and pesticides. In 1994, Colombia alone used nearly 400,000 tonnes of chemical fertilizers, an average of approximately half a kilogram of chemicals for every kilogram of green coffee produced!¹⁴⁶

The application of chemicals tends to increase yields and reduce workloads in the short term. However with time, a dependency is created because weeds and pests become resistant to pesticides, requiring the use of more powerful and dangerous chemicals. Production is also shifted from a labour-intensive to a capital-intensive system, thereby favouring large-scale farmers over smaller-scale ones and exacerbating already high levels of rural unemployment.

¹⁴⁶ Dicum and Luttinger. op. cit. p. 54.

Several types of chemicals banned in Northern countries on account of their extreme toxicity continue to be used in the South.¹⁴⁷ DDT, lindane and paraquat are top sellers in agrochemical stores in the Istmo region because of their low cost in comparison to less toxic alternatives.¹⁴⁸

These poisons affect the health of local people and the environment to varying degrees, depending upon the toxicity of the product and the quantity applied. Despite the warnings printed on containers, there is little knowledge of how to handle pesticides appropriately. Illiteracy rates are high, and the prescribed precautions are rarely followed. In rural areas, agrochemical products are often transported in open trucks: people, foodstuffs and all other products bound for a given destination are packed in alongside these dangerous chemicals. These conditions, combined with tropical temperatures, increase the risk of accidents. In homes, it is not uncommon to find pesticides stored unprotected in bedrooms or kitchens.

As for application, peasants rarely use any protective equipment, not even masks or gloves. Pesticides are prepared with water before application. This is often done next to a river whose water is used for drinking, bathing, washing clothes and cleaning animals.

2.4.2 The Local Trader

Latin-American peasants use the name *coyote* for the intermediary traders to whom they sell their coffee. Coyotes are found at several levels of the coffee trade, from the lowest coyote who buys directly from

¹⁴⁷ Brière, Julie et Ruby, Françoise. "Le top 10 des résidus de pesticides" Protégez-vous, August 1995. p. 18.

¹⁴⁸ Interview with Joel López Sánchez, engineer with Agroquímicos y Semillas del Sur,

farmers, to the top coyote who exports to international buyers. Their strategies, power and influence vary from one region to another, but generally their interests carry great weight, even in government, where they have strong allies.¹⁴⁹

The local traders are part of the local elite in Mexico. They act as bankers, often provide the local transportation system, and own the main general store. In some areas, this virtual monopoly allows them to control nearly all the economic activities of a village.

If the only vehicle in an area is owned by a local trader, he can control most of what enters or leaves the village. If coyotes own the only store in the village, they can control all the prices. The upshot is that peasants are frequently totally dependent on the coyotes, who buy their coffee, give them credit, sell them foodstuffs, and transport them or their products to larger centres of trade. The coyotes offer loans to peasants, but usually on the condition that farmers mortgage their coffee harvest at a very low price and/or repay the loans at extremely high rates of interest.

2.4.3 The Processor

Coffee beans are subject to a final process before exportation. The fine skin which covers each bean must be removed with expensive machinery. Processors are often small entrepreneurs—also called coyotes by producers—although in some cases, processing is done in factories owned by multinational coffee corporations. The beans are then graded according to their shape, colour and density. Sophisticated

Oaxaca, Mexico, 22 June 1996.

¹⁴⁹ Interview with Hanneke Kruit, San José el Paraiso. 3 June 1996.

machinery is used in this grading process. Finally, the beans, still green, are packed into 60 kg (132 lb.) sacks and sent to the exporter.

2.4.4 The Exporter

The role of private exporters is to prepare a product that meets the very precise demands of the importer. They must make sure the right type of coffee is sent to the right place at the right time. Their goal, naturally, is the same as that of every intermediary: to buy coffee at the lowest price and resell it at the highest profit.

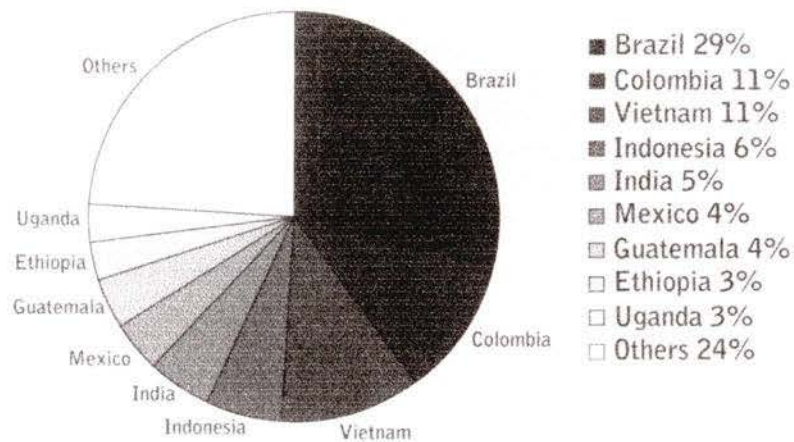
The best-quality coffee is exported, while lower grades are sold on the local market. This explains why, in regions that produce the finest coffees in the world, you can find customers in restaurants being served well-known brands of instant coffee, which is made with inferior grades of coffee.

In recent years, export markets in many coffee-producing countries have been privatized. Initially, this led to a large increase in the number of exporters, but in Mexico, after several years of privatization only the most “efficient” exporters have remained in business, creating a virtual monopoly.¹⁵⁰

Although the various coyotes have considerable influence on markets in coffee-producing countries, their importance on the international stage is limited. Globally, prices are determined by the New York and London commodity exchanges.

¹⁵⁰ Marlin, Christian. *Les stratégies des grands torréfacteurs et international du café*. Paris: Max Havelaar France. May 1993. p. 34.

Figure 2 : World Coffee Production
(Year 2000)



Source: World Coffee Organization (ICO). <http://www.ico.org> October 2001

2.4.5 The Broker

Practically the entire world trade in coffee, grown in the South, is controlled in two Northern centres: the New York exchange, which deals in *Arabica* variety coffee, and the London exchange, which handles the trade in *Robusta* variety.

Brokers are international businesspeople who buy and sell on commission without ever owning or handling the coffee that they trade. Brokers act as intermediaries between exporters and importers. Giant multinational corporations such as Nestlé or Philip Morris (owner of Kraft General Foods) have their own brokers. The huge buying and selling power of these corporations allows them to speculate and exercise

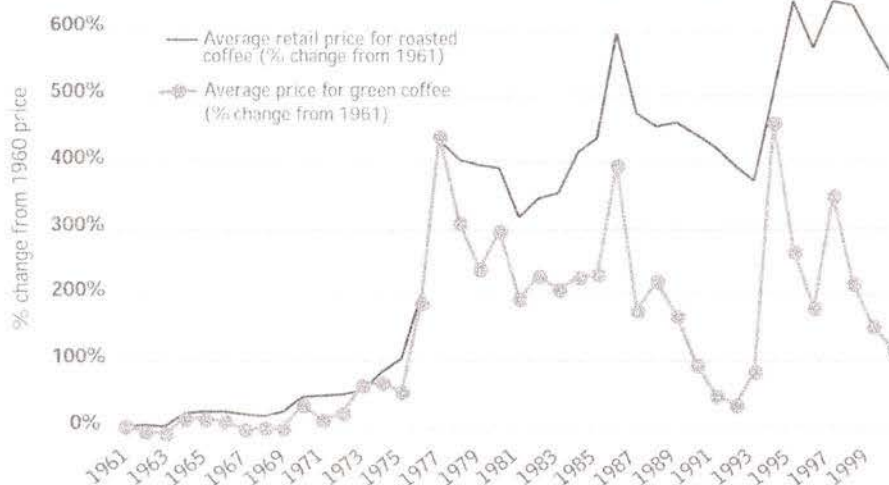
great influence on the coffee exchanges. As presented later, those multinational corporations act as oligopolies in the coffee business.

Brokers have access to an ultramodern information network. If, for example, a satellite study predicts extreme weather conditions in Brazil (the world's largest coffee producer), the price of coffee on world markets will rise.¹⁵¹ However, if an excellent harvest is forecast, world prices will fall. Rumours and psychological factors play a large role in determining market prices.

As the following graph shows, the price of coffee fluctuates considerably from one year to the next, affecting the income of coffee producers. Meanwhile, the price paid by consumers for their morning brew rarely falls as much.

Figure 3 : Price Fluctuations

Green Beans versus Retail Prices



Source: Thomson, Bob. 2001. Using Statistics Canada's data on roasted and ground coffee (Time series P2164). Also: Food and Agriculture Organization (FAO) www.fao.org. Also: New York Board Of Trade (NYBOT): www.nybot.com.

¹⁵¹ Renard, María Cristina. La Comercialización internacional del café. Mexico City: Universidad Autonoma Chapingo. 1993, p.48.

2.4.6 The Roaster

The companies whose brand names appear on the coffee we buy usually roast and distribute the product. Over the past decade, these companies have become increasingly concentrated in the hands of giant agro-food corporations. Although you may find 15 or 20 brands of coffee on the supermarket shelf, the majority are owned by a few large multinationals. In 2001, 45 percent of the world coffee market was controlled by just three corporations: Philip Morris, Nestlé and Sara Lee.¹⁵² In the USA in 1998, Procter & Gamble, Philip Morris and Nestlé dominated 60% of the national coffee market.¹⁵³ As globalization continues, this concentration of the market increases.

By purchasing hundreds of tonnes of coffee at a time, large corporations are able to benefit from an enormous economy of scale and reduce their retail costs. The influence they hold over the world market and the economies of coffee-producing countries is undeniable. It is to their advantages that the world coffee prices be the lowest as possible. When growers are in dire straits, big coffee companies are proudly announcing record profits.¹⁵⁴

As mentioned in Chapter 1, the annual sales of some of these corporations is greater than the gross domestic product of many of the countries that produce the original coffee beans. Predictably, the headquarters of these corporations are found in Northern countries, where the greater part of the profits remain.

¹⁵² Dow Jones International News. "Coffee Cos. Gain from Globalization but See Shortfalls". 21 May 2001.

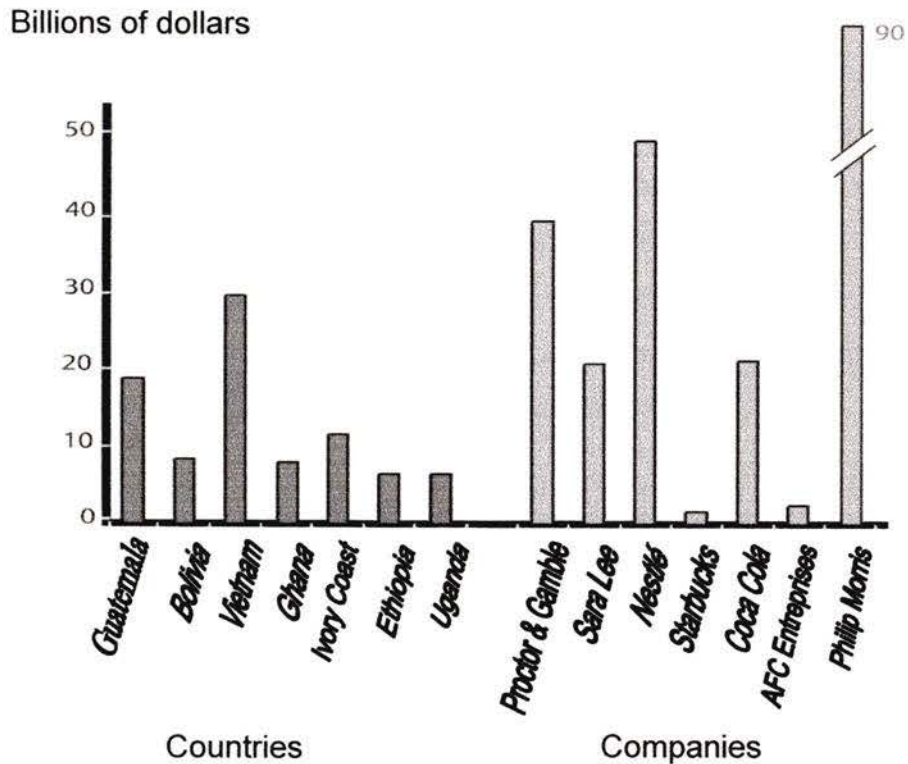
¹⁵³ Dicum, Greg and Luttinger, Nina. *The Coffee Book: Anatomy of an industry from crop to the last drop*. New York: The New Press, 1999, chap.4.

¹⁵⁴ For profits see the web pages of Philip Morris, Nestlé, and Starbucks.

Although the global coffee market is dominated by a handful of multinational corporations, recent years have witnessed the emergence of small independent roasters dedicated to quality coffee. It is these speciality coffee roasters who have shown the greatest openness to “sustainable” coffees (fair-trade, organic and shade-grown). In the USA, the Speciality Coffee Association of America (SCAA) has played a leading role in developing these niche markets. The notion of quality coffee is starting to be redefined to include environmental and social sustainability, thanks to the commitment of coffee roasters such as Café Campesino, Green Mountain Coffee and Thanksgiving Coffee, to mention but a few.

Figure 4 :The Wealth of Nations? Or Corporations?

Comparison between GDPs of coffee-producing countries
and the annual sales of multinational corporations



Source: United Nations Development Programme (UNDP). Human Development Report 2001. New York: UNDP, 2001. Also: Annual reports of companies for year 2000.

Multinationals dominate the coffee trade, with sales figures that exceed the gross domestic product of many coffee-producing nations. As their overriding motivation is to make short term profits for their shareholders, multinationals invest little in the development or environmental sustainability of these countries.

2.4.7 The Retailer

Most consumers make the final choice of what coffee goes in their cup in front of the supermarket shelves or the coffee-shop counter. This apparently innocuous moment is the target of vast sums spent on advertising and design.

Supermarkets often use coffee as a “loss leader.” Sold at a special price, it brings in customers who buy other items while they are there. Like all other sectors of the agro-food industry, the retail market is becoming concentrated in the hands of a shrinking number of players. There are fewer and fewer small independent grocery stores, while the big ones are becoming gigantic and increasingly inter-linked.

As for places to sit and enjoy a cup of coffee, the past few years have seen a proliferation of coffee shops, contributing to the growth of the gourmet-coffee market. As with wine, there are connoisseurs, but many ordinary people derive a simple pleasure from savouring the bitter drink served in every fashion, from cappuccino to espresso, from latté to allongé. As much as the beverage, these coffee shops are selling an *ambiance*, a “lifestyle choice,” which is a small luxury within most people’s reach.

Although it has become common to pay more than \$2 for a cup of good coffee, this is not to the benefit of coffee-producing regions. In 1985, 38 percent of the retail price of coffee sold in the US went to the producing countries, where it was shared between intermediaries and producers. In 1995, the figure had fallen to 23 percent,¹⁵⁵ a 40 percent drop over ten

¹⁵⁵ Dicum and Luttinger. op. cit. p. 112.

years. Over the same period the retail price of coffee rose by 30 percent.¹⁵⁶

With the growth of gourmet coffee sales, retailers' margins have increased, giving them an opportunity to include fair-trade, organic and shade-grown products in their menu.

2.4.8 The Consumer

Coffee has been popular in North America for at least two centuries. Roughly a fifth of all the coffee grown world-wide ends up in the USA, the largest coffee-consuming country.¹⁵⁷

An anecdotal tradition ascribes Americans' preference for coffee over tea to the famous "Boston Tea Party" of 1773 when, as frustration with British taxation and import policies reached its peak shortly before the American Revolution, a cargo of tea was thrown into Boston harbour. As a result, the tradition goes, choosing coffee over tea was a patriotic gesture. It would seem that coffee drinking involved a political choice at that time. As we will see, history is repeating itself today, as people begin to choose fair-trade, organic or shade-grown coffee for political reasons, but this time on a global scale.

Today, coffee is found in every corner store or restaurant. Drunk by people of every age, lifestyle and background, it is available in many flavours and at widely differing prices—especially since the recent boom of fashionable coffee-shop chains.

¹⁵⁶ Ibid.

¹⁵⁷ Ibid. p. 38.

The fact that it is drunk by almost everybody makes coffee one of the world's most valuable commodities and, as we have seen, gives the big players in the coffee trade an enormous influence over the world market, and hence over the lives of producers in Southern countries. But the same popularity of coffee gives the consumers, enormous power to change things by exercising our freedom to choose what coffee they purchase.

Figure 5: Who is Behind the Brands that We Buy?

AFC Enterprises (USA)

Coffee business: Chesapeake, Seattle's Best Coffee, Torrefazione, Chesapeake, Cinnabon Food services: Popeye's, Church's Fried Chicken.

Van Houtte (Canada)

Coffee business: Van Houtte, Christophe Van Houtte, Gérard Van Houtte, Orient Express, Café Pure, Red Carpet Food Services, Café Séléna, Plantation, Les amoureux du café, Génération Zel (Provigo), Caracas Coffee Services, Filter Fresh, McQuarrie's Coffee Services (majority ownership), The Coffee Group, Gold Cup Coffee Company Ltd, VKI Technologies.

Cara (Canada)

Coffee business: Main shareholder of Second Cup (but coffee roasted by Kraft General Foods).

Food services: Beaver Foods Limited, Café & Grill, Cara Airport Services, Cara Health Services, Harvey's, Summit Food Service Distributors, Swiss Chalet, Toast!

Diedrich (USA)

Coffee business: Coffee Plantation, Diedrich. Coffee People, Gloria Jean's and franchise agreements with Cumberland Coffee Co. and California Coffee Co.

Nestlé (Switzerland)

Coffee business: Bonka, Brava, Cains, Chase & Sanborn, Clasico, Dolca, Ristreto

Classic, Columbian Select, European Roast, Flavor Roast, Gold

Blend, Goodhost, High Yield, Hills Brothers, Loumidis, Maragor Bold, MJB, Mountain Blend, Nescafé, Panache, Perfect Balance, Ricoffy, Ricoré, Sark's, Silka, Sunrise, Taster's Choice, Zoégas.

Some other food products: Carnation, Findus, Friskies, Libby's, Maggi, Nestea, Nestlé ice cream & chocolate bars (Aero, After Eight, Drumstick, Kit-Kat, Smarties, etc.), Perrier, Stouffer,s, Vittel, etc.

Other products: Alcon, L'Oréal (important interest).

Philip Morris (USA)

Coffee business: A.D.C., Blendy, BRIM, Cafe 1686, Cafe Sperl, Carte Noire, Electra-Perk, General Foods International Coffees, Gevalia, GrandMère, Kaffee HAG, Jacobs Krönung, Jacobs Monarch, Jacques Vabre, Kenco, Maxim, Maxwell House, Mellow Roast, Nabob, Private Collection, Saimaza, Sanka, Splendid, Super Roast, The Spirit of Coffee, Traditional Roast, Yuban. Distributes all Starbucks coffee in supermarkets.

Some other food products: Claussen, Di Giorno, Jell-O, Kool-aid, All the Kraft food products, Minute Rice, Oscar Mayer, Philadelphia, Post cereals, Tang, Toblerone, etc.

Cigarettes: Basic, Benson & Hedges, Marlboro, Merit, Parliament, Virginia Slims, etc.

Beers: Icehouse, Miller, Milwaukee's Best, Molson USA (majority ownership), Molson Canada (important interest), Red Dog, etc.

Procter & Gamble (USA)

Coffee business: Brothers, Epic, Flavor Filter, Folger's, High Point, Mountain Grown, Millstone

Some other food products: Crisco, Olean, Pringles, etc.

Other products: Always, Ariel, Cover Girl, Crest, Didronel, Head & Shoulders, Oil of Olay, Pampers, Pantene Pro-V, Tampax, Tide, Vicks, Whisper, etc.

Sara Lee (USA)

Coffee business and restaurants: Arabica & Robusta, Bravo, Café do Ponto, Café au lait, Caferto, Cafitesse, Cafuego, Chat Noir, Chock full o'Nuts (which in turn owns La Touraine, Quickava, River Road, Ireland Coffee and tea), Continental, Décafé, Douwe Egberts, Emerald Cream, Finley, Friele, Gamelli, Gourmet Ground, Harris, Java Coast, Jacqmotte, Kanis & Gunnink, Laurentis, Maison du Café, Marcilla, Merrild, Metropolitan, Mildcafé, Moccona, Piazza, Piazza d'Oro, Pickwick, Prebica Estate Coffees, Pronto Café, Soley, Soletto, Seletto, Superior Coffee, Van Nelle Supra, Wechsler Coffee, World's Finest.

Some other food products: Ball Park, Bryan, Hillshire Farm, Hygrade, Jimmy Dean, Justin Bridou, Paradise Tropical Teas, Pickwick tea, Sara Lee food products, etc.

Other products: Abanderado, Bali, Champion, Coach, Dim, DKNY, Donna Karan, Hanes, Hanes Her Way, Just My Size, Kiwi, L'eggs, Playtex, Princesa, Rinbros, Sara Lee products, Wonderbra, etc.

Starbucks (USA)

Coffee business: Starbucks, Caffee Gemma, Coffee Connection, Espresso Luna, Frappuccino, Kontakt, Proteo, Tazo Tea.

Tetley (USA)

Coffee Business: Bustelo, Martinson's, Oquendo. Also owns the Schonbrunn Co. (which in turn owns: Brown Gold, Medaglia d'Oro, Savarin, Tenco).

Sources: (1) Companies and their Brands vol.1 A-K, Eighteenth Edition, Jennifer L. Carman & Christine A. Kesler, Gale Research, USA, 1998. (2) Companies and their Brands vol.2 L-Z, Eighteenth Edition, Jennifer L. Carman & Christine A. Kesler, Gale Research, USA, 1998. (3) Philip Morris Companies Inc. 1998 Annual Report (4) Sara Lee Annual Report 1998 (5) Superior Coffee web page: <http://www.superiorcoffee.com> (6) Sara Lee web page: <http://www.saralee.com> (7) Merrild web page: <http://www.merrild-cs.se> (8) Nestlé web page: <http://www.nestle.com> (9) Van Houtte Annual Report 1996 (10) Les Affaires Investir, February 22nd 1997, #77. (11) Canadian Corporate News, May 4th 1999 (12) Investor's Report, Financial Post DataGroup, Toronto, January 2nd 1999 (13) Investor's Report, Financial Post DataGroup, Toronto, May 6th 1999 (14) Philip Morris Companies Inc. 1997 Annual Report (15) U.S. Security and Exchanges Commission web page: www.sec.gov ; Procter & Gamble Company form 10-K, September 9th 1998. (16) Cara Annual Report 1998 (17) Starbucks Annual Report 1998. (18) Coffee & Cuisine, May 1999, Seattle, Washington. (19) Pendergrast, Mark. Uncommon Grounds. New York: Basic Books. (20) National Coffee Association. The Coffee Reporter. New York 1999. (21) Fresh Cup magazine, January 1999, Portland, Oregon, p.23).

Chapter 3

The Emergence of "Sustainable Coffees" as a Market-Based Instrument for Social and Environmental Accountability

The social and environmental problems associated with both the production and commercialisation of coffee has, inadvertently, given rise to a proliferation of initiatives such as fair trade, shade grown and organic. Various organisations are promoting the consumption of "environmentally and socially responsible " coffees as a way to counter its unaccounted social and environmental cost and foster sustainable development in producing countries. Using market-based instruments, these initiatives attempt to increase sustainability where states have failed to do so.

As presented below, each initiative has its own sustainability criterion which address issues of scale, fair distribution, and efficient allocation.

As stated by Costanza et al.:

"This criterion implies a two-tiered decision process (Daly and Cobb 1989; Page 1977; Norton 1986) of first coming to a social consensus on a sustainable scale and fair distribution and, second, using both the market and other institutions like education and advertising in order to implement these social decisions. This might be called "community sovereignty" as opposed to "consumer sovereignty."¹⁵⁸

In order to move from "consumer sovereignty" to "community sovereignty", a new valuation process is necessary. This implies the expression of individual preferences beyond simple consideration of the product itself and its price, towards consideration of the social and environmental accountability surrounding the product. In order for this

¹⁵⁸Costanza, Robert; Cumberland, John; Daly, Herman; Goodland, Robert and Norgaard, Richard. An Introduction to Ecological Economics. St. Lucie: International

to happen, not only is education necessary to promote the buying of sustainable commodities, but these products must also be readily accessible. Having to make a detour or paying a higher price for a comparable product, even with the knowledge that it is better for the environment and society, are deterring factors for most consumers.¹⁵⁹

Sustainable coffee *per se* has yet to be defined. Like the concept of sustainable development, it is a vague term applied to a range of interests that are interpretable in various ways. Ethical, fair trade, shade grown, bird-friendly and organic coffees all in their own way claim to take into account future as well as present needs, but to what extent do their activities encompass and monitor the many components of environmental and social sustainability?

First, a distinction must be made between “self-proclaimed” sustainable coffee and independent third party certification. In recent years, various projects have been put forward by the coffee industry, sometimes in collaboration with civil society organisations. These initiatives range from codes of conducts and sourcing guidelines, such as what Starbucks announced in response to US/Guatemala Labor Rights pressures, to the sponsoring of children in coffee-producing areas by Second Cup and A.L.Van Houtte. Although these projects show the beginnings of an awareness of the impacts of the coffee industry on Southern populations and on the environment, they do not question the root of the problem, in which the industry plays an important role.

The initiatives presented in the first section of this chapter focus on third party certification bodies with respect to "fair trade," "organic" and

Society for Ecological Economics. 1997. p.141.

¹⁵⁹ Sustainable Conference. 12th Annual SCAA Conference & Exhibition. The Moscone Center. San Francisco, California, April 14, 2000

“shade-grown” labels. Each organization has its own set of rules and its own monitoring processes. Until recently, they evolved independently of one other with little co-ordination, despite the fact that some coffees carry more than one certification seal.

There are already links and overlap between fair trade, organic and shade grown both in definition and in practice.¹⁶⁰ Increasingly, these certification initiatives are moving towards one another. Although each has its own specific objectives and requires different approaches and systems of evaluation, they all share a common goal of implementing sustainable development, meaning the bringing together of social, ecological and economic spheres. What follows is the history of sustainable coffee, in a nutshell, including the different criteria and processes of the main certification initiatives. Some non-certification initiatives for sustainable coffee are also presented. This is followed by a discussion of the transfer of responsibility towards the consumer and the risks of social and eco-imperialism.

¹⁶⁰Courville, Sasha. Promoting Biological Diversity Through Sustainable Certification and Fair Trade: Results of the Joint Inspection Project bringing together Fair Trade Organic and Forest Management Certification Systems to identify ways forward in collaboration and explore the concept of coffee as a Non Timber Forest Product. Institute for Agriculture and Trade Policy. (June 18, 1999). Also: Rice, Paul D. and McLean, Jennifer. Sustainable Coffee at the Crossroads. A white paper prepared for the Consumer's Choice Council. (October 15, 1999), p.11. And Courville, Sasha. Evaluation of Certification Systems that Promote Socially and Environmentally Responsible Production and Consumption: Fair Trade (FLO International), Forest Protection (FSC, SmartWood) and Organic (IFOAM, CERTIMEX) standards on Coffee. (Original draft January 20, revised June 1999). 36p. Also: Mallet, Pat. Analysis of Issues Addressed by Certification Systems NTFP Certification and Marketing Program. Falls Brook Centre. 1999. 25p.

3.1 Third Party Certification

3.1.1 Fair Trade

The first fair-trade certification program began with coffee in 1988, in the Netherlands. The Max Havelaar Foundation was named after the hero of a Dutch novel of the same name who denounced the treatment of Indonesian coffee planters during the Dutch colonial period. Non-certified fair-trade coffee had been available to the public for nearly ten years through church groups and the World Shops stores. By establishing a certification process based on principles of justice, it was hoped that fair-trade coffee could be marketed through conventional channels and thus reach a larger number of consumers.

After the Netherlands, certification was adopted in other European countries, then in North America and in Japan. In Canada, Transfair has been certifying coffee since 1994. One year later, Transfair USA started doing the same in the USA. In 1997, the 16 national fair-trade certification organisations, which function with different names, were brought together under the umbrella of the FairTrade Labelling Organizations International (FLO-International). Together, they are working to standardize certification processes and are looking for common logo.

Now, tea, cocoa, chocolate, sugar, honey, and bananas can also be found bearing fair-trade certification seals in many countries.

3.1.1.1 FLO-International Criteria

Fair trade is mainly concerned with social aspects of farming, but it also encourages sustainable agriculture. As a parallel trading system, fair trade allows marginalized producer groups access to international markets under conditions that guarantee additional benefits and enhances sustainable development.

FLO-International administers a list of 363 coffee producer organisations from 22 countries: Bolivia, Brazil, Cameroon, Colombia, Congo, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Papua New Guinea, Peru, Tanzania, Uganda, Ecuador, Ethiopia, Indonesia, Thailand and Venezuela. Of these, 110 have only been provisionally accepted and may eventually attain a permanent standing once they have demonstrated an ability to honour their agreements for at least two harvests.

Eligibility Criteria for Coffee Growers

To be on the FLO-International's Registry of Coffee Growers, applicants must meet the following standards:

1. Small-Scale Production

The members of the group must themselves produce on a small scale and rely primarily on family for labour, not external sources.

2. Democratic Management

The members must be directly involved in the decision making process of the group.

3. Transparency

The board of directors, elected by the members, must ensure transparent operations in order to minimize risk and fraud.

4. Solidarity

There must be no political, racial, religious, or sexual discrimination and the organisation must be open to new members.

5. Political independence

The organisation cannot be the instrument of a political party or interest.

6. Sustainable Development

The organisation and its members must:

- Use environmentally friendly agriculture techniques and contribute to the conservation of natural resources, all in an effort to prevent or eliminate the use of chemical products.
- Favour an integrated economic development strategy which seeks to improve production techniques, and diversify that production.
- Promote integrated social development using a variety of means to improve the living condition of members and the community as a whole.
- Improve production quality so that the group can develop its market within the conventional network in addition to the fair-trade network.¹⁶¹

Eligibility Criteria for Northern Actors

Importers, roasters and wholesalers must meet the following standards if they are to use the fair-trade seal:

1. Direct Trade

Coffee must be bought directly from a cooperative listed in FLO-International's Registry of Coffee Growers.

2. Long-Term Relationship

Buyer and sellers must make an agreement that is valid for a period of at least one full harvest cycle.

¹⁶¹Waridel, Laure and Teitelbaum, Sara. Fair Trade: Contributing to equitable commerce in Holland, Belgium, Switzerland, and France. Équiterre: Montréal, 1999, p.14-15.

3. Higher Price than the Conventional Market

The purchasing price must meet the conditions set by FLO-International, which establishes a minimum prices according to the coffee's country of origin and quality (see table below). If the world market price rises above the fair-trade price, a premium of US\$0.05/pound must be paid¹⁶². Certified organic coffee also receives a premium of at least US\$0.15/pound.

Table 1 : Minimal Fair-Trade Coffee Prices

	Conventional Production		Certified Organic Production	
	Central America/Mexico/Africa	South America/Caribbean	Central America/Mexico/Africa	South America/Caribbean
Washed Arabica	1.26	1.24	1.41	1.39
Unwashed Arabica	1.20	1.20	1.35	1.35
Washed Robusta	1.10	1.10	1.25	1.25
Unwashed Robusta	1.06	1.06	1.21	1.21

Prices in US\$ per pound, FOB port of origin.

4. Access to Credit

At the seller's request, the importer must make available a line of credit up to 60% of the original contract, based on the minimum price laid down by FLO-International.¹⁶³

¹⁶²Ibid, 16.

¹⁶³Ibid, 14-15.

3.1.1.2 Certification Process

All intermediaries on the coffee route from producers to roasters must open their books and warehouses for inspection in order to assure certifiers that they too have complied with the rules of fair trade and are entitled to affix a fair-trade logo to their product.

The fair-trade certification bodies are located in Northern countries but inspectors visit Southern cooperatives every one to two years, depending on their production quantities and the needs of the producers. Unlike IFOAM (the organic umbrella organisation presented below), producer organisations are not members of FLO. By excluding them, FLO hopes to avoid a conflict of interest by having to certify its members. Producers can have their voice heard at the Coffee Producers Assembly as well as at one of the two Meeting of Members (MoM) where they are represented but without voting power. Many coffee grower organizations consider that this structure does not permit sufficient participation from growers.¹⁶⁴

In contrast to organic certification, certification fees are paid by roasters and/or importers rather than by the producers.

Mexican Fair Trade Certification Agency: *Comercio Justo Mexico*

In late 1998, a group of small producers and civic organizations decided to push ahead with the idea of creating a fair-trade certification system for the Mexican market. Based on various international experiences with fair trade, this group considered it important to promote fair trade on the domestic Mexican market which, with a population of nearly 100

¹⁶⁴ Result from interviews.

million, constitutes an enormous market for small Mexican producers, even for those who have the opportunity to sell to the international fair-trade market. In May 1999, the organization *Comercio Justo Mexico* commenced operations and quickly set up a fair-trade certification body called *Sello Mexicano de Comercio Justo*. This is not yet recognised by FLO.

3.1.1.3 Multinational Corporations in the Fair-Trade Movement

During recent years, North American sales of fair-trade coffee have exploded, partly as a result of the presence of some big players in fair trade. What was originally the domain of a few small roasters has become a platform for several multinational corporations such as Starbucks, Sara Lee and Van Houtte. Like smaller companies, they have signed licensee agreements with Transfair and have committed themselves to abiding by the fair-trade criteria for a certain portion of their coffee. Their wide distribution networks has made fair-trade coffee much more widely available across North America—Starbucks alone has over 2,300 stores across the USA.

The involvement of such big names in the fair trade movement is without a doubt very good news for thousands of small-scale coffee farmers. But the participation of big corporations has raised questions in the minds of some activists and long-time fair-trade coffee roasters. They wonder why small-scale production and democratic organization should be criteria applied to coffee growers but not roasters. What does “fair” mean—and fair for whom? On these points, opinions are numerous.

What should be recognized is that, generally speaking, richer coffee-importing countries have stronger labour regulations and better social

safety nets than most of the countries where coffee is grown. Exploitative working conditions and poverty are much more visible in coffee-growing areas than in richer countries. The coffee industry can no longer ignore the plight of small-scale coffee growers, especially now that farmers are facing severe economic hardships as a result of the catastrophic slump in prices on the New York and London coffee markets. The consequences of “unfair trade” are borne by those who pick the coffee more than anyone else. This is undeniable. The coffee industry is starting to become aware of its role in perpetuating this unsustainable situation.¹⁶⁵

In practice, the extent to which companies are truly committed to changing their ways is questionable. Some roasters appear to be using fair trade as a way to shield themselves against criticism from consumers—obvious from the lack of effort they put into the promotion of their fair-trade brands. Some appear to have adopted fair-trade coffee in order not to lose customers rather than as a means of assuming their responsibility towards coffee farmers. They talk about it as a new trend, much like flavoured coffees. Nor is the lack of information some retailers can provide when asked questions about fair trade helping its development. Some retailers have a serious lack of information to answer questions about fair trade, which does not help its development.

However, despite the fact that some businesses seem to be using fair trade to protect or enhance their public image rather than out of real commitment, it must be acknowledged that they are nonetheless contributing to the development of fair trade.

¹⁶⁵ Participation in the SCAA Coffee Conference. San Francisco 14-18 April 2001.

3.1.2 Organic

Organic certification first began in the 1970s and is currently the most developed of the three processes. Globally, the estimated growth rate of the organic market ranges between 20-30% annually.¹⁶⁶ Certified organic products are increasingly moving from a market niche to the mainstream in most industrial countries.¹⁶⁷ Governmental bodies are increasingly getting involved in this issue.¹⁶⁸

As opposed to fair trade and shade grown, in many countries the term organic is defined and controlled by the national legislature. Products that have been labeled organic by a producer comply with certain standards that are maintained by a government agency at the provincial, state or federal level. However, criteria vary from one region to another. In Canada, the Standards Council of Canada recently approved a Canadian national standard for organic agriculture, but has not yet created a system of independent verification. Thus, as reported by the Food Inspection Agency: "the use of the term organic, when applied to a product that has not been produced and handled according to the certification requirements of an independent organic certification body, has the potential to be considered misleading and deceptive under section 5(1) of the Food and Drugs Act and section 7 of the Consumer

¹⁶⁶IFOAM. IFOAM position document on organic agriculture. Prepared for the FAO conference "Cultivating our Future". Maastricht. 12th-17th of September 1999.

¹⁶⁷Dicum, Greg and Luttinger, Nina. *The Coffee Book: Anatomy of an industry from crop to the last drop*. New York: The New Press, 1999, p.75. Also: Browne, A.W., Harris, P.J.C., Hofny-Collins, A.H. and Wallace, R.R. *Ethical Trading: Definition, Practice and Possible Links with Organic Agriculture*. A Report Produced for the Natural Resources Policy and Advisory Department (NRPAD) of the Department For International Development (DFID), (April 1998). 24p.

¹⁶⁸Courville, Sasha Leigh. *Not Just Trade: Steps Toward Incorporating Social and Ecological Costs into International Trade. Lessons Learned from 'Better' Case Studies of Coffee Production-to-Consumption Systems*. A thesis submitted for the degree of

Packaging and Labeling Act." ¹⁶⁹ In the US, the National Standard is generally accepted by the organic industry but there are a few problems with its implementation. At the United Nations level, the Codex Commission of the Food and Agriculture Organisation (FAO) has recently published a draft guideline for organic production and labelling.¹⁷⁰ This effort is still in the preliminary stages however, and is taking place in collaboration with the International Federation of Organic Agriculture Movement (IFOAM).

IFOAM

While there is a wide range of organic certification bodies all over the globe, the most important international organisation in that domain is the International Federation of Organic Agriculture Movement (IFOAM). Based in Germany, this worldwide umbrella organisation of the organic agriculture movement joins together over 700 member organisations in over 103 countries.¹⁷¹ It also holds official consultative status with the United Nations.

IFOAM does not certify products but rather accredits affiliate organisations that are in charge of certifying farms in various countries.¹⁷² IFOAM creates specific guidelines for land stewardship, including the regulation of cutting or burning, and in the case of coffee, the planting of shade trees and the composting of coffee fruit pulp.¹⁷³

Doctor of Philosophy of the Australian National University. June 2001.439.

¹⁶⁹Agriculture et Agroalimentaire Canada: <http://aceis.agr.ca/>

¹⁷⁰FAO: ftp://fao.org/codex/standard/organic/g199_32f.pdf

¹⁷¹IFOAM. IFOAM position document on organic agriculture. Prepared for the FAO conference "Cultivating our Future". Maastricht. 12th-17th of September 1999.

¹⁷²International Federation of Organic Agriculture Movement (IFOAM): www.ifoam.org

¹⁷³McLean, Jennifer. Merging Ecological and Social Criteria for Agriculture: The Case of Coffee, M.S. Research Paper, University of Maryland, December 1997. Summary: WWW.geocities.com/rainforest/canopy/1290/4-review.html

3.1.2.1 IFOAM Criteria

IFOAM has developed over 20 years of expertise in organic standards setting and is now registered by ISO as an international standard setting body.¹⁷⁴ Its principle requirements for organic agriculture and the processing of products such as coffee, as presented in IFOAM basic standards and guidelines can be summarized as the following:¹⁷⁵

- The basis for crop production, gardening, farming and forestry is consideration for the structure and fertility of the soil and surrounding ecosystem, as well for providing a diversity of species. This is achieved by a combination of:
 - versatile crop rotations
 - recycling of organic material
 - wide ranging methods for the control of pests, diseases and weeds that avoid the use of synthetic fertilisers, pesticides and herbicides

- The processing of organic products should seek to minimize environmental degradation. This is achieved by a combination of:
 - choosing and developing methods which are adequate to the specifics of the ingredients
 - developing standards which emphasize careful processing methods, limited refining, energy saving technologies, minimal use of additives and processing aids, etc.

¹⁷⁴IFOAM. IFOAM position document on organic agriculture. Prepared for the FAO conference "Cultivating our Future". Maastricht. 12th-17th of September 1999.

¹⁷⁵ International Federation of Organic Agriculture Movement (IFOAM): www.ifoam.org.

- The production and handling of organic products should seek to minimize environmental degradation. This is achieved by developing standards which encompass waste management, packaging systems and energy saving systems in processing and transport. Products produced and processed in a traditional way by indigenous and/or traditional groups can be certified as organic, provided that the sites are subject to a normal annual inspection and production and/or processing are in accordance with the principles in the Basic Standards.

- No Genetically Modified Organism (GMO) are permitted.

Among its social criteria, IFOAM has adopted the following principles, which are not yet clearly monitored in the inspection:

- All International Labour Organization (ILO) conventions relating to labour welfare and the UN Charter of Rights for Children should be complied with by the organic farming sector.

- All employees and their families should have access to potable water, food, housing, education, transportation and health services.

- Care should be taken for social security, including such benefits as maternity sickness and retirement benefit.

- All employees should have equal wages when doing the same job and they must have equal opportunities irrespective of colour, creed and gender.

- Plantations should allow labour unions to operate.

- Seasonal workers should be provided welfare benefits and means of subsistence during the offseason.¹⁷⁶

With the current exception of social criteria, these principles have been incorporated into organic accreditation schemes of IFOAM certifying organisations.

¹⁷⁶Browne, A.W., Harris, P.J.C., Hofny-Collins, A.H. and Wallace, R.R. Ethical Trading: Definition, Practice and Possible Links with Organic Agriculture. A Report Produced for the Natural Resources Policy and Advisory Department (NRPAD) of the

3.1.2.2 Certification Process

The accreditation service of IFOAM is organized in a separate but closely linked organization in the USA: the International Organic Accrediting Service (IOAS). Unlike IFOAM, this body does not include producer representation, leaving IFOAM as the standard-setting and rule-making body. Of the 13 IOAS-accredited certifying organisations, only two are situated in coffee producing countries (Bolivia and Brazil).¹⁷⁷ This may change, because producer organisations are looking for ways to reduce costs and avoid Northern imperialism. These certification organisations are responsible for on-site visits and the monitoring of plantations and cooperatives.

Importers and roasters' plants are also subject to on-site organic certification inspection. Due to the fact that there is more than one certification body, and they do not all work with IFOAM (such as OCIA for example) some roasters end up paying twice for plant inspections.

In the organic certification system, producers pay fees as well as wholesalers.

Revenues for Farmers

Regarding prices, farmers can usually expect to receive a net premium (after certification costs) of US\$0.05-0.20/pound for organic coffee. However, as Rice and McLean point out, "when small farmers are not organized and do not control their own export process, they can receive an even smaller premium (or none at all) because their negotiating position vis à vis the exporter is so weak."¹⁷⁸ Therefore, even if organic coffee is more expensive for the consumer, this is not a guarantee that

Department For International Development (DFID), (April 1998). 24p.

¹⁷⁷Rice and McLean, op. cit. p.45.

the farmers received a better price than if they were producing coffee in the conventional manner.

Local Organic Certification in Mexico: Certimex

Certimex is a Mexican certification body for environmentally friendly products and processes. It was created in 1997 in response to producers' need for a local organic-certification entity. It aims to meet the producers' expectations for access to organic certification at a lower cost and with domestic inspectors. For now, Certimex is focusing primarily on environmental certification; however, it expects to extend its activities to other areas, such as monitoring of fair-trade control systems and quality certification of farm products, to be developed jointly with *Comercio Justo Mexico*. The overall objective is to provide consumers with a guarantee that Certimex products are of high quality and adhere to fair-trade practices. Currently Certimex works with 85 organic-production projects involving approximately 17,000 producers, the majority of them aboriginal peasants in the states of Chiapas and Oaxaca.

3.1.3 Shade Grown

The first shade grown, also known as bird friendly, coffee certification is only four years old. It was developed to fill the "conservation gap", an issue which was only partly covered by the existing initiatives. Although most organic and fair-trade coffee were being grown under a tree canopy, forest conservation was not a monitored criterion per se of either of these systems. Furthermore, there are different types and qualities of shade, such as rustic or planted, which influence the level of biodiversity that is protected.

¹⁷⁸Rice and McLean, op. cit. p.67.

During the last year, the major players in the shade grown movement have come to a consensus around a common set of conservation principles. Coordination of the development of the “Conservation Principles for Coffee Production was done by The Consumer’s Choice Council (CCC) in collaboration with the Rainforest Alliance, the Smithsonian Migratory Bird Center, Conservation International, and the Summit Foundation.¹⁷⁹ The principles are to be used as guidelines for the various initiatives but do not include a proper accreditation system. This initiative represents a first step towards strengthening and broadening the shade grown coffee movement, which to date has been mainly grounded in the USA.

Many seals currently used are not third party certified. The only shade grown initiatives presently offering independent verification are the Smithsonian "Bird friendly" (1997) seal and the ECO-OK program (1996). However both these projects are still in the development stage.

3.1.3.1 Eco-OK

The Conservation Agriculture Network has developed the ECO-OK certification for coffee. The secretariat for this network is the Rainforest Alliance, an environmental group based in New York. The ECO-OK seal combines environmental and social criteria:¹⁸⁰

- Where coffee has traditionally been grown beneath cultivated shade trees, producers must maintain or establish a canopy of mixed native trees of at least 10 species.
- The density of shade tree species must be at least 70 trees per hectare.

¹⁷⁹ See Appendixes.

¹⁸⁰ECO-OK: www.rainforest-alliance.org/programs/cap/program-description3.html.

- Chemical pesticides and fertilizers, although permitted, have to be minimally used and strictly managed. A list of prohibited products has been established.
- Fair treatment and good conditions for workers must be provided.
- New farms must not be set up on cleared forest land and vegetation buffers must be used to mitigate the polluting effects of pulp runoff in river.

Managed by the Conservation Agriculture Network, a group of organisations in Costa Rica, Brazil, Ecuador, Guatemala, and El Salvador, the ECO-OK seal can also be found on cacao, citrus, and bananas.

ECO-OK certified coffee differs from fair-trade coffee in some important respects: it is not necessarily produced by cooperatives, because large plantations can be certified and no minimum price is guaranteed. ECO-OK environmental criteria are less strict than organic standards regarding chemical inputs but have the advantage of addressing some landscape and biodiversity issues.

The goal of the ECO-OK seal is to have an impact on the largest possible area of agricultural land in the species-rich tropics. Its strength is that it monitors both social and environmental aspects of coffee production, but its weakness is that its standards are less stringent than other seals such as organic and fair trade.

3.1.3.2 Smithsonian's "Bird-Friendly"

The Smithsonian's "bird friendly" seal is a registered trademark of the Smithsonian Migratory Bird Center (SMBC).¹⁸¹ So far, the SMBC has limited the use of the seal to organic coffees that meet its shade criteria, even though organic production is not an explicitly required criterion. As summarized by Paul Rice and Jennifer McLean, the main criteria are the following.¹⁸²

- rustic or traditional polyculture, in which coffee is planted under existing diverse forest cover, is most desirable for bird conservation
- in the case of planted shade trees, native species with year-round foliage should be used. Species of *Inga* are recommended
- a minimum of 10 species of shade trees is required, distributed evenly and creating different strata
- there should be at least 40% shade cover from the canopy after pruning
- the shade canopy should be at least 12 meters in height
- stream buffers and "living fences" are also desirable

As in the case of ECO-OK coffee, no minimum price is guaranteed to producers.

3.2 Non-Certification Initiatives

If third party certification of "sustainable coffee" can be used as a market-based instrument for social and environmental accountability, it does not exclude non-label initiatives such as community development, industry sourcing, and producer country tools which sometimes supplement certification initiatives or operate independently.

¹⁸¹ Smithsonian Migratory Bird Centre: www.si.edu/ressource/faq/nmnh/ecology.htm.

¹⁸²Rice and McLean, op. cit. p.53.

3.2.1 Governmental Initiatives

The International Coffee Organization

Regrouping 45 coffee producing countries and 17 coffee consuming nations¹⁸³, the International Coffee Organization (ICO) is an intergovernmental organization created in the early 60s to "serve the international coffee community."¹⁸⁴ It administers the International Coffee Agreement and promotes international cooperation in the world coffee economy. The ICO is a forum for policy discussion and the creation of projects to improve coffee quality and enhance coffee growers' long-term competitiveness.¹⁸⁵

In Mexico and in Nicaragua, the British fair trade organization Twin Trading Ltd, just started a project to strengthen commercial, management, financial and business capacity of small-scale coffee growers and exporters thanks to a US\$5,330,280 grant via ICO.¹⁸⁶ ICO has put together various projects, programmes and studies on a wide range of subjects such as risk management, prevention of mould formation, rehabilitation of coffee plantations, and quality improvement projects. It is showing an increasing interest in environmental issues. The promotion of sustainable coffee now seems to be one of the objectives of ICO.

Some countries also have their own programs or regulations for environmental conservation. Costa Rica, for example, is currently studying legislation that would require greater protection of water

¹⁸³ The USA and Canada are members.

¹⁸⁴ International Coffee Organisation (ICO): www.commodityexpert.com

¹⁸⁵ International Coffee Organization: www.ico.org/mission.htm

¹⁸⁶ International Coffee Organization: <http://www.ico.org/frameset/icoset.htm>. 17 April 2002.

sources through the use of pulp composting, water retention ponds and transitioning to ecological washing stations.¹⁸⁷ In Mexico, the *Consejo Mexicano del Café* is considering a large marketing campaign to promote Mexican shade grown coffee.

The International Coffee Agreement

In 1962, the first International Coffee Agreement (ICA) was signed in order to try to create a balance between supply and demand at prices acceptable to both the consumer and the producer.¹⁸⁸ The ICA collapsed in 1989 as a result of the refusal of the USA to renew its membership. This decision by the USA was an expression of their opposition to the formation of a Latin America mini-cartel aiming to limit exports. The USA was also more generally questioning the validity of international cooperation in coffee.¹⁸⁹ The same year, the world coffee prices plummeted to a historical low.

The Association of Coffee Producing Countries

In 1992, another attempt was made to regulate and limit global supply and boost coffee prices, this time through the Association of Coffee Producing Countries (ACPC).¹⁹⁰ Participating producer countries agreed to warehouse 20% of their total production, in order to release quantities according to a coordinated international schedule. This did not solve the problem of over-supply however, partly because some coffee-producing countries, such as Brazil, were unwilling to cooperate with the retention strategy. As reported by Rice and McLean: "When the Brazilian frost of mid-1994 pushed market prices to \$2.70/pound, the ACPC's strategy

¹⁸⁷Rice and McLean, op. cit. p.88.

¹⁸⁸CNUCED/OMC. *Le café: guide de l'exportateur*. Genève. 1996. 159p.

¹⁸⁹Pendergrast, Mark. *Uncommon Grounds: The History of Coffee and How It Transformed Our World*. Basic Books, New York: Basic Books, 1999, p. 363.

¹⁹⁰Rice, Paul D. and McLean, Jennifer. "Sustainable Coffee at the Crossroads." A white paper prepared for the Consumer's Choice Council. (October 15, 1999), p. 97.

became irrelevant overnight."¹⁹¹ Brazil is the largest coffee producing country in the world.

New attempts towards a price support agreement were initiated in 2000 by the largest coffee producing countries.¹⁹² Once again, the ACPC agreed to withhold up to 20% of production from the market in order to support coffee prices. As reported by the Guardian Weekly: "The organisation's members are using a basket of prices to calculate a reference point of 95 cents per pounds as the "floor" and 105 cents as the ceiling."¹⁹³ The agreement will be implemented gradually, in accordance with the harvest of each signatory country. Through the ACPC, coffee producing countries hope to control the volatility of coffee prices on the international market. For many countries, price stabilization is especially imperative because they have expanded coffee-producing lands and increased yields in recent years.¹⁹⁴ So far however, their attempt have not worked. Prices have kept falling.¹⁹⁵

Although the ACPC and the ICO clearly state their commitment to improve the conditions of producers and respect the environment, they have yet to integrate formal commitments for fair trade and organic agriculture into their agenda. But, witnessing the interest in sustainability they are showing through some of their projects, this may change.

¹⁹¹Rice and McLean, op. cit. p.97.

¹⁹²Atkinson, Dan and Denny, Charlotte. "Coffee growers find grounds for protest" *The Guardian Weekly*, (8 June 2000) p.14.

¹⁹³Ibid.

¹⁹⁴Ferrer, Yadira. *Coffee Producing Countries follow OPEC's example*. Bogota, May 22, 2000.

¹⁹⁵New York Board Of Trade (NYBOT): www.nybot.com.

3.2.1 International Development Projects

A wide range of non-governmental organisations (NGO) and international development agencies have undertaken projects with small-scale coffee growers such as programs providing technical assistance, infrastructure development, training, credit and marketing support. Linking international development project to economic development has become important trend in the Canadian Aid programs.¹⁹⁶

Some international non-profit organisation such as "Coffee Kids", PLAN and CARE solicit money from businesses to create projects which aim to improve the quality of life of children and families in coffee-growing areas around the world. The coffee chain Second Cup, for example, supports coffee-producing communities by participating in a sponsorship program of PLAN Canada. Each of the 270 Second Cup cafés sponsors at least one child from Kenya, Guatemala, Indonesia or Colombia. These sponsorships aim to "meet the basic needs of children and help the growth of democratic participation in communities."¹⁹⁷

3.2.2 Business Initiatives

A growing number of coffee companies now have internal sourcing policies that include ethical principles.¹⁹⁸ A good example of this is the *Thanksgiving Coffee Company*, which was one of the first American companies to develop its own sourcing criteria. The company established a "Just Cup" point system, which evaluates coffee based on differently-weighted criteria. For example, 5 points is given to coffee if it is of a

¹⁹⁶Canadian International Development: www.acdi-cida.gc.ca

¹⁹⁷Foster Parents Plan. *The abc's of becoming a Foster Parent.*

traditional variety, 3 points if it is cultivated by farmers in a cooperative, 2 points if it is solar dried, etc.¹⁹⁹This system has the advantage of enabling consumers to evaluate and compare the sustainability of the various coffees using a common scale. However, since sourcing guidelines are not monitored independently, no provisions are made to verify the claims.

The same verification problem exists in the case of codes of conduct. As in the garment industry, some coffee companies such as Starbucks create their own codes of conduct and then "police" themselves. For activist groups such as Équiterre, this is like "asking a fox to be the guardian of the hen house."²⁰⁰

3.3 Transferring the Responsibility to the Consumer

Despite the increasing popularity and unprecedented growth of sustainable coffee initiatives in recent years, their overall market share remains marginal.²⁰¹ If indeed more and more citizens are seeking to make a political statement with their consumer choices, they still need to have access to sufficient information about the products they buy in order to make the judicious choice. Consumer education is key, but as explained by Costanza et al:

“The main problem with education as a general method of avoiding and escaping from traps is that it requires a significant time commitment on the part of individuals to learn the details of each situation. Our current society is so large and complex that we cannot expect even professionals,

¹⁹⁸Sustainable Conference. 12th Annual SCAA Conference & Exhibition. The Moscone Center. San Francisco, California, April 14-18, 2000.

¹⁹⁹Thanksgiving Coffee: www.thanksgivingcoffee.com

²⁰⁰Isabelle St-Germain, Coordinator "A Just Coffee",Équiterre, Montréal, Canada, In person in Montréal, June 9th, 2000.

²⁰¹Giovannucci, Daniele. op.cit.

much less the general public, to know the details of all the extant traps. In addition, for education to be effective in avoiding traps involving many individuals, *all* the participants must be educated, and this is usually not possible.²⁰²

In an ideal world, consumers would be able to gauge the environmental and social impacts of their purchases simply by reading the label. But before this can happen, a system to adequately measure social and environmental performance must be put in place. The United Nations Commission on Sustainable Development and the Coalition for Environmentally Responsible Economies (CERES) are among several organisations working to standardise various voluntary environmental performance metrics.²⁰³ This type of label could be thought of similarly to the "nutritional content" label currently found on many food items. Ideally it would become mandatory worldwide to provide this type of information. Unfortunately, this is unlikely to happen in the near future, considering that most governments are not even imposing labels on genetically modified food and that within the World Trade Organization, the application of the Agreement on Technical Barriers to Trade could limit eco-labeling schemes.

Due to a number of factors, including lack of visibility, frequently higher prices and weaker distribution than conventional brands, sustainable coffee will have a hard time emerging from marginality without the commitment of the largest coffee companies and the pressure of governmental regulation. The economy must be redefined to take into account the real environmental and social costs of our consumption. To

²⁰²Costanza, Robert; Cumberland, John; Daly, Herman; Goodland, Robert and Norgaard, Richard. *An Introduction to Ecological Economics*. St. Lucie: International Society for Ecological Economics. 1997. p. 153.

²⁰³Blowfield, Mick. "Ethical Trade: a review of developments and issues". *Third World Quarterly*, Vol. 20, No. 4, (1999) 753-770.

do so, multilateral governmental intervention to implement appropriate environmental and social norms internationally will be essential. This would be an important step towards instituting overall accountability. But it also carries the risk of leading to new forms of imperialism.

Eco-labelling should not transfer the responsibility for reforming trade from governments to consumers. Rather, it should experiment with alternative models and mobilise public opinion—thereby laying the groundwork for governmental intervention. In Western countries, recycling programs in many communities started as voluntary initiatives, until municipal authorities became aware of their necessity and implemented them on a larger scale.²⁰⁴ The organic movement has long been operating outside the sphere of government intervention. It is only during recent years that governments have realised its potential and started to develop standards.²⁰⁵ Governmental interventions have the advantage of making eco-labels more official and easy to implement, although they also bring their share of challenges and added layers of bureaucracy.

3.4 The Risk of Eco-Imperialism

Although many producers groups and organisations in the North and South advocate fair trade, organic agriculture and sustainable trade due to their social and environmental benefits, some Southern states and business people argue that such initiatives open the door to new forms of eco-imperialism.²⁰⁶

²⁰⁴ Réseau des ressourceries du Québec.

²⁰⁵ Courville, Sasha Leigh. *Not Just Trade: Steps Toward Incorporating Social and Ecological Costs into International Trade. Lessons Learned from 'Better' Case Studies of Coffee Production-to-Consumption Systems.* A thesis submitted for the degree of Doctor of Philosophy of the Australian National University. June 2001.439.

²⁰⁶ Courville. *op. cit.* 314-15. Also: Tallontire, Anne.*op. cit.* Also: Blowfield, Mick.

At the WTO and in international trade negotiations in general, the idea of linking social and environmental criteria to trade rules has proven to be very contentious.²⁰⁷ Some states have presented sovereignty arguments against these types of rules, stating that as states, “they alone have the responsibility for establishing environmental and social standards within their own territory according to their own environmental attributes and preferences.”²⁰⁸ They fear the possibility of protectionism and defend the WTO agreement that does not allow members “to distinguish between goods on the basis of how they are produced. Discrimination is not allowed on the basis of production and processing methods (PPMs) where the PPM does not have an impact on the performance of the product in consumption.”²⁰⁹ However, as stated by Sasha Courville: “Moving towards sustainable trade requires the ability to distinguish products and services according to how they were produced and how they are to be used: their production (consumption) and process methods or PPMs.”²¹⁰

Eco-labelling clearly distinguishes between products based on the way they are produced; but they are voluntary initiatives and open to all who comply with their criteria. The majority of allegations of ‘green protectionism’ thus far have been related to government actions to ban certain product because of their damage to the environment.

The criticism most often lodged against the different ethical initiatives and certification schemes is the lack of participation by Southern actors

“Ethical Trade: a review of developments and issues”. *Third World Quarterly*, Vol. 20, No. 4, (1999) 753-770.

²⁰⁷ WTO: www.wto.org. Klein. op.cit.

²⁰⁸ Tallontire, Anne. op. cit. p. 6.

²⁰⁹ Ibid. p. 9.

²¹⁰ Courville. op. cit. p. 314.

in defining the process.²¹¹ Eco-labels are typically driven by Northern actors and tend to reflect their priorities without necessarily including the involvement of the people they intend to assist.²¹² In the case of coffee, this criticism has specifically been addressed towards shade grown/bird friendly initiatives. Coffee producers have asked why Americans are suddenly so worried about birds when the children of their communities are suffering greatly from poverty.²¹³ They believe in people-friendly coffee before bird-friendly coffee. As will be discussed in the next chapter, many producers want to see a premium price attached to the coffee they produce while also conserving the bird habitat.

As Anne Tallontire, of the Natural Resources Institute of the University of Greenwich reports, other criticisms are addressed to certification schemes.²¹⁴ She notes that participation in many certification schemes requires knowledge and technical resources not easily accessible to producers in many developing countries. They may lack the appropriate training and there might not be local standards or recognised certification bodies in their area. The cost of certification can be another impediment for producer organisations. Some of them cannot afford the cost of having an auditor come to verify that they meet the required standards, especially if they have to pay for the visit of an inspector from abroad.

The various certification schemes are far from perfect. The lack of financial and human resources often constitute barriers to the implementation of already-known improvements against “eco-imperialistic” attitudes and other challenges. However, it must be acknowledged that most often the eco-imperialist arguments against fair

²¹¹ Blowfield, Mick. “Ethical Trade: a review of developments and issues”. *Third World Quarterly*, Vol. 20, No. 4, (1999) 753-770. Also: Tallontire, Anne. *op. cit.* p. 6.

²¹² Blowfield, Mick. *op. cit.* p. 753.

²¹³ Results of field research in Mexico.

²¹⁴ Tallontire. *op.cit.* p.6.

trade, organic, and shade-grown come from those who currently benefit from conventional trade. These players do not want to be forced by market demand to change their practices, even if their involvement is voluntary.²¹⁵ This will be discussed further in the next chapter.

²¹⁵ Results of field research.

Chapter 4

Sustainable Coffee in North America

In recent years, there has been unparalleled growth in sales of sustainable coffees in North America.²¹⁶ The change is taking place both in the mountains of Mexico and in the coffee shops of the United States and Canada. In only one year, between 1999 and 2000, organic coffee sales increased by 20% and fair-trade coffee sales increased 115%.²¹⁷ No rigorous data was available for sales of shade grown coffee, but it is estimated that over 3 million kilos were available in 2001.²¹⁸ Certified sustainable coffees sales are estimated to be worth approximately \$152 million at retail for coffee of all origins.²¹⁹ Despite these encouraging figures, sales of sustainable coffees remain marginal in comparison to the mainstream market. They only represent about 2% of the speciality coffee market, which encompasses approximately 40% of overall US coffee sales.²²⁰ Thus, within the entire North American coffee market, sales of sustainable coffees represent less than 1%. However it should also be noted that in recent years sales of sustainable coffees have grown even more quickly than the speciality coffee market as a whole.²²¹

This chapter will identify current barriers to the greater penetration of sustainable coffees into the conventional market in North America. The information presented is primarily based on participatory research and interviews with Mexican, Canadian, and American actors involved in the

²¹⁶ TerraChoice Environmental Services Inc. Environmental and other labeling of coffee: The role of mutual recognition. Conducted for the Commission for Environmental Cooperation. February 22, 2000.

²¹⁷ Giovannucci, Daniele. Sustainable Coffee Survey of the North American Speciality Coffee Industry. Conducted for the Summit Foundation, the Nature Conservancy, the North American Commission for Environmental Cooperation, the Specialty Coffee Association of America and the World Bank. May 2001.

²¹⁸ *Ibid.* p.28.

²¹⁹ *Ibid.* p.4.

²²⁰ *Ibid.* p. 28.

production, certification, trading, roasting, study and promotion of coffee. This chapter is also based on studies and reports from various sources as well as by conferences that I attended and by my on-going field research in Mexico and in Europe.²²²

During the summer of 1996, I spent two months living with indigenous communities involved with the *Unión de Comunidades Indígenas de la Región del Istmo/Union of Indigenous Communities of the Isthmus Region (UCIRI)* in Mexico. This cooperative pioneered the development of organic coffee and fair trade. UCIRI has inspired the development of many other coops in Mexico and was involved in the establishment of the first fair-trade certification initiative, Max Havelaar, in the Netherlands in 1988. Since my initial research visit to Mexico, I have maintained a precious relationship with the people of UCIRI and have had the opportunity to go back three times for shorter visits.

In the summer of 1998, Sara Teitelbaum and I conducted research in Holland, Belgium, Switzerland, and France, to identify the key strategies behind the success of fair trade in Europe in order to inspire new advancements in North America.

4.1 Methodology

Researcher Position

I have been involved in the field of sustainable coffee as a researcher and a fair-trade activist since 1996. The field research I first undertook in Mexico motivated me to initiate a fair trade campaign called *A Just Coffee* with the organisation *Équiterre* in Quebec; to make people aware

²²¹ Ibid, p.27.

²²² See Bibliography and List of events attended, at the end of the thesis.

of the power of their consumer choices, starting with their first cup of coffee of the day. I had observed that fair-trade and organic agriculture, although not perfect, were making a positive difference in people's lives. In 1997, I published *Coffee with a Cause: Moving towards Fair Trade*, my first little book on the subject.²²³

As the coordinator of *A Just Coffee* campaign at Équiterre, I came to know a wide range of Canadian, Mexican, and American organisations and coffee businesses before I even started my thesis. I participated in various conferences and workshops organized by the Commission for Environmental Cooperation (CEC), the Speciality Coffee Association of America (SCAA), the Council for International Cooperation (CIC) and Oxfam, among others.

The fact that I had been a relatively long-time active participant in the sustainable coffee movement meant that I was an 'insider' in my chosen research area. Many actors knew where I stood, which had both its advantages and disadvantages. Like any researcher, I had my own biases, although mine may have been more obvious given that many players knew of my previous involvement in the fair trade and organic coffee movements.

4.1.1 Research Objectives

The overall objective of this field research project was to explore and cooperative mechanisms to counter the challenges faced by the fair trade, organic and shade-grown coffees in penetrating the conventional coffee market in North America. I also wanted to explore the relationship

²²³ Waridel, Laure. *Coffee with a Cause: Moving towards fair trade*. Montréal: Les Intouchables. 1997. 71p.

between government policy and community-based efforts, in order to make recommendations for actions and policies favouring trade which supports sustainable development.

To achieve these main objectives, the following secondary objectives needed to be fulfilled:

1. Identify existing barriers to the penetration of sustainable coffee into the mainstream North American market.
2. Allow coffee players to identify the actions needed to encourage the expansion of sustainable coffee production and trade in North America.

Ultimately, I hoped this initiative would benefit the development of sustainable coffee in North America and thus the organisations involved in this area. By building on the previous work of other organisations and collaborating with them, the project was conceived as a step towards the identification of new mechanisms of cooperation which could address the challenges facing sustainable coffee.

The role of governmental and multilateral institutions in the development of sustainable trade had to be examined to investigate how cooperation could deepen the links between environmental, social and economic issues in a way that could be extended to other green products within NAFTA. Coffee could then be taken as one example of how to set the stage for further acceptance of truly sustainable trade in North America.

4.1.2 Community Action Research

In order to achieve these objectives, mixed strategies were adopted, but the overall approach was based on a participatory model. Given that I was already a member of the “community” that I was studying, I chose

to adopt the collaborative approach of community action research. As explained by Linda Tuhiwai Smith in her book *Decolonizing Methodologies*:

“Social research at community level is often referred to as community action research or emancipatory research. Both approaches are models which seek to make a positive difference in the conditions or lives of people. Community action research, according to Stringer, ‘is a collaborative approach to inquiry or investigation that provides people with the means to take systematic action to resolve specific problems’.²²⁴ (...) Community action approaches assume that people know and can reflect on their own lives, have questions and priorities of their own, have skills and sensitivities which can enhance (or undermine) any community-based projects.”²²⁵

In the context of this project, the community is defined by a common involvement with coffee, whether it be related to its production, trade, certification, study, promotion or marketing. Coffee unites a wide range of actors in North America with very different perspectives depending on their position along the coffee route. This community is multi-layered and interlocks in complex relationships of both interdependency and sometimes also dependency and exploitation as seen in chapter 2. For the people in the coffee sector, coffee is a means to achieve very different objectives; always with consequences for other actors. For a small-scale coffee grower in Oaxaca, coffee can be a means to feed his family. For a biologist in Veracruz and a bird lover in Maine, coffee can be a means to preserve biodiversity. For a coffee broker in New York and a large-scale coffee roaster in Montréal, coffee can be a means to business success. For a fair-trade organiser coffee can be a way to achieve greater social justice.

²²⁴ Tuhiwai Smith citing: Stringer, E.T. *Action Research: A Handbook for Practitioners*. California: Sage Books. 1996. p.15.

²²⁵ Tuhiwai Smith, *op. cit.* p. 127.

Even within the same country, the interest and attitudes towards this research were very mixed. Some people saw its opportunities while others saw its threats. I also interviewed people who were not in any way involved in the sustainable coffee business and who showed very little interest in such initiatives.

As shown by the results presented below, this research was more qualitative than quantitative. For quantitative information, I relied on studies undertaken by organisations with greater means. In 2001, a large survey on sustainable coffee in North America was conducted by the Summit Foundation, the Nature Conservancy, the North American Commission for Environmental Cooperation, the Speciality Coffee Association of America and the World Bank. For this study, 1558 retailers, 570 roasters, 312 wholesalers, 120 distributors, and 94 importers from the speciality industry in Canada and the USA were interviewed.²²⁶ Sasha Courville's PhD thesis entitled: *Not Just Trade: Steps Towards Incorporating Social and Ecological Costs into International Trade. Lessons Learned from 'Better' Case Studies of Coffee Production-to-Consumption Systems* published in June 2001 was also very enlightening. I have also relied on the 1999 Consumer's Choice Council report *Sustainable Coffee at the Crossroads* as well as various studies produced by the Commission for Environmental Cooperation.²²⁷

Mexico

In Mexico, I put the emphasis on developing good relations with the coffee growers I interviewed and with the representatives of key organisations. Being a young woman and a white foreigner, I had to be at the same time very rigorous and very sensible in order to gain the trust of some actors. I conducted very few formal interviews with indigenous

²²⁶ Giovannucci, Daniele op. cit.

women coffee growers although they gave me their views on the coffee situation in informal settings, such as while we were making tortillas or gathering firewood.

I conducted seventy-nine interviews in Mexico between October 8 and November 22, 2000 in the states of Chiapas, Oaxaca, Veracruz and Mexico City. Among those interviewed were small-scale coffee producers, NGO members, large-scale coffee producers, representatives of government organisations, scholars, consultants and technicians from coffee grower cooperatives, as well as organic and fair-trade inspectors.²²⁸

I presented and discussed the results of the interviews in February 2001, at the *Cafecultura Sustentable en Mexico* meeting organised jointly by Pro-Natura Chiapas, the *Proyecto Café Amigable en el Triunfo* and the Commission for Environmental Cooperation. This meeting brought together a wide range of Mexican actors involved in organic, fair-trade and shade grown coffee initiatives. Sixty-one people attended from civil society organisations, coffee cooperatives, governmental organisations, research institutes and private enterprises. Many people that I had previously interviewed were sitting around the same table, discussing solutions to the further development of sustainable coffee in Mexico. One of the outcomes of this three-day meeting was the creation of the *Iniciativa Sobre Cafecultura Sustentable*, a Mexican umbrella organisation that would unite forces in the sustainable coffee movement.

²²⁷ Rice, Paul D. and McLean, Jennifer. op.cit. and see bibliography.

²²⁸ See the questionnaire and the document presented in San Cristobal de las Casas in the appendixes.

Canada and the USA

In Canada and the USA, a more conventional methodological approach was appropriate since I already had a great deal of information on the subject and had pre-established contacts. I previously had the opportunity to participate in the *CEC Workshop of experts on sustainably-produced Mexican Coffee* held in Oaxaca (Mexico) the 29-30 of March 2000 and the *Sustainable Conference* organised by the Speciality Coffee Association of America (SCAA) in San Francisco (April 14-18, 2000). At these two events, I met with a wide range of sustainable and conventional coffee actors from the USA and Canada, and also from various coffee-producing countries, including Mexico.

A letter of introduction and questionnaire were developed jointly with Jason Potts from the International Development Research Centre (IDRC) who was also conducting research on the topic of sustainable coffee in North America at the time.²²⁹ Although the two projects are independent and address slightly different themes in the sustainable coffee sector, they nevertheless share the same objectives of identifying existing barriers to the penetration of sustainable coffee into the mainstream North American market; and to identify concrete recommendations for the sustainable coffee sector and governments to aid in the elimination of these barriers.²³⁰

The letter and questionnaire were sent to 39 American and Canadian importers and roasters, of which 18 responded. Sixteen of them were already trading at least one type of sustainable coffee whether it be certified fair trade, organic or shade grown. The large-scale coffee roasters I approached who were not already involved in the trading of fair-trade coffee showed little interest in the research.

²²⁹ See appendixes.

4.2 Results of Participatory Research

The Significance of Sustainability

As is the case with sustainability, the debate surrounding the meaning of sustainable coffee has yet to be resolved.²³¹ For some, a few trees on a large plantation suffices for the coffee to be considered sustainable. For others, sustainable coffee must be certified as organic and fair trade, it must be grown in a semi-natural forest ecosystem and contribute to the preservation of natural, traditional and indigenous methods of cultivation. Some of the interviewees also argued that economic diversity should be a component of sustainable coffee, in order to discourage coffee-growing communities from becoming overly dependent on one type of production. Between these extreme poles there lies a variety of perspectives.

In this study, the issue of quality and more generally long-term economic viability has been raised by many participants. From their perspective, environmental and social criteria alone do not ensure sustainability. As one Canadian roaster said: “Sustainable means it will be able to retain a market in the long run, something that only quality, not guilt, can deliver.” Thus, not only environmental and social impacts must be considered in the evaluation of sustainability, but the overall business model and its ability to cover costs and generate profits for all those linked into the chain. Starbucks, for example, defines sustainability as “an economically viable model that addresses the social and

²³⁰ See the model letter and questionnaire in the appendixes.

²³¹ Rice, Paul D. and McLean, Jennifer. *op.cit.*p.138. Also: Courville. *op. cit.* p. 314.p.19. Also: Daly, Herman E., and B. Coob Jr. *For the Common Good: Redirecting the economy toward community, the environment, and a sustainable future.* Boston: Beacon Press, 1994. P.145.

environmental needs of all the participants in the coffee supply chain from producer to consumer.”²³²

These comments illustrate how broad the debate around the definition of sustainable coffee can be. However, as reported by some participants, the term “sustainable coffee” is not commonly used. Most people employ the more specific terms of fair trade, shade grown and organic independently from each other. As mentioned in the introduction, in this research sustainable coffee has been understood to be any coffee that meets at least one certification model whether it be organic, fair trade or shade grown.

4.2.1 Common Perspectives

The challenges facing sustainable coffee’s penetration into the conventional market go well beyond environmental and social considerations. They are also profoundly economic and commercial by nature.

Despite the diversity of perspectives and at times the lack of knowledge surrounding the chain of production and trade of coffee, participants, from producers in Mexico to roasters in Canada and the USA, share some common views on the conventional coffee system and what constitute the barriers facing sustainable coffee. These are presented below.

²³² Presentation of Sue Mecklenburg, Starbucks representative at the “Experts’ Workshop on Mexican Shade-Grown Coffee” organized by the Commission for

4.2.1.1 The International Trading System

At both ends of the coffee route, there is a recognition of the major damages being caused by the conventional international trading system. It is widely known that producers are vulnerable to price fluctuations on the New York and London stock markets and that speculation and oversupply cause this price volatility.

Although most participants in the study acknowledged the problems of poverty and environmental degradation in coffee growing areas, many conventional coffee traders did not consider their business to share any responsibility. “The problem is systemic, said a broker, and there is not much that we can do about it.”

In the speciality coffee sector, price slumps are creating concerns around quality. Indeed, when prices are low there is less incentive for coffee farmers to invest in their plantations.²³³ Growing high quality coffee involves more work, an investment which is not always reflected in the price premium paid to producers for their gourmet coffee.

4.2.1.2 Lack of Knowledge

Knowledge of the coffee system is very fragmented. For example, producers might master the cultivation and harvest of coffee without understanding the entire series of trading mechanisms. The fact that in most coffee-growing areas, coffee production is decentralised, puts small-scale coffee producers at a disadvantage compared to large plantation owners. Quality control is much more laborious when it requires the education of a large number of people spread across the

Environmental Cooperation (CEC) Oaxaca (Mexico), 29th March 2000.

²³³ Linn, Allison. Starbucks says program will reward responsible suppliers. Associated Press. 11/12/2001.

countryside. Overall, most small-scale coffee producers are not organised to export directly and overcome all the administrative barriers involved in international trade. Most of them lack both the buyer contacts and the knowledge about direct selling processes. As a result, they are dependent on intermediaries to take care of these commercial transactions.

In the case of small-scale coffee farmers who are organised in cooperatives, the knowledge about the international trading system is usually centralised in the hands of a few leaders. These people generally have a higher education than the majority of coop members and tend to be fluent in more than one language. This concentration of power can sometimes result in an unfair distribution of resources.

At the other end of the system, brokers and roasters have a good understanding of the coffee trading system, but they often know very little about the coffee production side of things. They trade coffee like they would any other commodity: according to supply and demand. Most people involved in the coffee business in Canada and the USA have never been on a coffee plantation and know very little about the day to day social and environmental impacts of the coffee industry in coffee growing areas.

Despite advancements in information technologies in recent decades, there is still a lack of infrastructure or mechanisms for the dissemination of information within the international coffee system. This is also the case for information about the different models of certification and their inherent advantages and disadvantages. The observation has been made, even in organisations already involved in one or another model of sustainable coffee, that most organisation members do not wholly

understand what the process implies, from one end of the supply chain to the other. There is also a need for better and more accessible information about market demand and comparative costs.

4.2.1.3 Critics of the Existing Certification Models

It is not unusual to hear about dissatisfaction with the various certification models, both among coffee producers and coffee roasters. Participants in the study raised the issue of the high cost of certification, particularly in cases when foreign inspectors must be flown in. They see a paradox in the fact that those who are producing and/or trading in a responsible manner also have to do the extra work to prove their practices are sustainable and pay the associated costs. The premium they receive is not very high when all the required work is taken into account. This situation is even more disadvantageous when growers have to sell their organic coffee at the same price as conventional coffee because the demand for organic coffee is low. Producers are not interested in paying for certification if they feel that the market is not secure. The fact that producers have to wait for a few years before receiving a premium for organic coffee is also a discouraging factor for some growers.

Certification systems are often criticized for being complex and bureaucratic. In the case of organic coffee for example, certification standards vary from one organization to another and from one market to another. In Mexico, there are a number of certification companies: seven for organic, two for fair trade and one currently underway for shade grown coffee. For many producer organisations, the steps in the certification process are complicated and the interpretation of criteria is difficult. Certification involves a certain level of organisational and technological infrastructure, which is not attainable for all producers. For organic certification, requirements also vary from one importing country

to the next. European standards are different from Canadian standards, which in turn are different from the American ones. This creates significant challenges for certification organisations.

Many criteria and inspection stages are repeated twice and sometimes three times from one certification model to the next. There is currently little collaboration among certification initiatives, despite that fact that many cooperatives in Mexico are trading fair-trade and organic coffee simultaneously. Producers, importers, roasters and researchers alike have called for greater coordination between certification processes in order to lower costs and monitor consistency. Many participants in the study also mentioned that having local certification organisations would more easily achieve this and limit what is sometimes perceived as “eco” or “social” imperialism. Certification agencies in producing countries must be recognised in the international market.

The lack of resources is a recurring problem for most certification initiatives. There is a need for more training, more staff, and more on-the-ground inspectors. The gap between theory and practice is not always successfully bridged. The effects of underfinancing is felt by producers and by roasters involved in organic and fair-trade initiatives. People also feel that more energy should be put in the promotion of certification seals. Many roasters and retailers argue that without consumer awareness of certification seals, these initiatives have little value.

4.2.1.4 Marketing

In order for sustainable coffee to further penetrate the conventional market it must meet certain conventional marketing rules in terms of quality, availability and price.

Quality

Consumer interest for sustainable coffee can only be partially driven by altruism. People will only buy a type of coffee the second time around if they enjoyed their first cup. One of the challenges with coffee is that there are such a wide variety of tastes. Thus like conventional coffee, there must be a variety of flavours of sustainable coffee to respond to the demands of consumers. Further, the quality of coffee must be maintained at every step in the chain of production and transformation. The method of cultivation is far from being the only factor determining the taste of the coffee.

The common definition of quality for coffee could be expanded to include an environmental and social component as suggested at the 2000 Speciality Coffee Association of America (SCAA) Annual Meeting in San Francisco. By definition, quality is a characteristic, or an attribute which distinguishes one product from another. Quality is also related to the notion of superiority. It is well known that consumers make choices according to their needs; they choose what they think is best according to various indicators: such as taste, price, brand, image, etc. In wealthy societies, mental needs are driving behaviours as much, if not more, than real material needs.²³⁴ In an era where people are becoming more and more educated and aware of the impacts of their consumer choices, sustainable coffees have a great advantage over conventional coffee to fulfil mental needs. Rather than using guilt, promoters of sustainable coffees could simply focus on the positive consequences of buying “sustainable”. They could thereby help people feel good about themselves, empowering them to make concrete and conscious gestures, without much effort.

Availability

A variety of choices of sustainable coffees must be easily available at all stages of the coffee route. For end consumers, it must be available in corner stores, supermarkets, cafés, restaurants, and in the workplace. It must be everywhere people buy coffee. Consequently, sustainable coffee must develop within the existing conventional trade structure, creating a space for itself and claiming a share of the market.

Price

For producers, the higher price is an important incentive to the adoption of sustainable coffee production methods and the process of getting organized into cooperatives. It must be recognised that sustainable coffee production methods require more time and care than conventional agricultural practices. People will not care for the habitat of migrant birds if they are starving themselves.

At the level of intermediaries, price is a bigger issue for conventional coffee businesses than for the speciality coffee industry. The latter did not seem to believe that price is a major obstacle, especially for higher quality coffee. People are ready to pay more to feel good about themselves and that is something sustainable coffee can offer. But first, people must be made aware of sustainable coffees and be able to clearly identify which coffee will have that affect on them. It is the issue of branding.

²³⁴ Papalia, Diane E. and Sally Wendkos Olds. *Introduction à la psychologie*. Montréal,

4.2.2 Specific Mexican Perspectives on the Challenges of Sustainable Coffee

4.2.2.1 The Production Level

The Issue of Price and Lack of Knowledge

The challenges facing the development of sustainable coffee begin in the places where coffee is grown; poverty is at the heart of this puzzle. As presented in Chapter 2, the price small-scale coffee growers receive for their coffee and the salaries paid to plantation workers is generally insufficient to break the vicious cycle of poverty. Because small-scale farmers and plantation workers are often poorly educated and face many social problems, they are especially vulnerable to exploitation.

Paradoxically, the lack of financial resources and the isolation of small-scale coffee growers has led to the adoption of environmentally friendly practices. This is because in most cases, people have not had the necessary money to invest in intensive practices and chemical inputs. This has opened the door to the wide-scale implementation of “natural” production, in transition to organic practices. Even before the onset of environmentally-friendly certification schemes, the small-scale farmer was growing coffee in shaded plots under a diversified tree canopy, which maintains biodiversity and natural habitats for migratory birds and other native species. This situation has now given small-scale coffee farmers an advantage over large coffee estate owners in the transition to the production of sustainable coffee.

In most coffee growing regions, government services in the sectors of education, health services, transportation infrastructure and communication are widely seen as inadequate, especially in areas where indigenous people make up the majority of the population. The people interviewed in the state of Veracruz for example, where there are fewer native people than in the states of Oaxaca and Chiapas, were much less concerned with chronic poverty than with the problem of the low price of coffee. All producers are vulnerable to price fluctuations on the New York and London stock markets, but some suffer more than others.

According to those growers interviewed who only sell their coffee on the conventional market, the profits associated with sustainable coffee production and trade are not enough to attract all producers. For many, the requirements associated with certification are regarded as too complicated. In addition, some producers have never even heard of the sustainable coffee niche markets. Many growers are also unfamiliar with simple practices, which allow for heightened productivity without the use of chemicals. There is a general lack of understanding for the impact of certain agricultural practices. For example, the importance of shade grown coffee is known but an understanding of the notion of biodiversity is limited.

When coffee prices are very low, some producers see it as easier to switch crops than to modify their practices and start selling sustainable coffee. Depending on the geographic region, a producer may choose to produce sugar cane, chilies or rent out their land for cattle farming. In most cases, land use is shifted to a type of agriculture involving more environmentally damaging practices. Deforestation, pollution and soil erosion are becoming major problems in most coffee growing areas and overall there remain very few pristine areas.

Although poorly documented officially, it is well known that when the price of coffee in Mexico is low, the production and trade of illegal drugs, mainly marijuana, increases. Poverty forces people to take greater risks. This trade has been the cause of much violence in coffee growing communities.

Democratic Deficit

Many cooperative leaders as well as community organisers and academics have expressed concern regarding governmental behaviour in rural areas. They see government as paternalistic and criticize it for not consulting producer organisations before creating financial assistance programs or new rural policies. In some states, the government give away chemicals free-of-charge to producers in areas where organic agriculture is in development. There appears to be a disjuncture between those who make decisions and create coffee policies and the reality in coffee-growing areas. Critics say the problem lies in the lack of vision government exhibits in developing policies for the coffee-producing sector, combined with a high level of bureaucracy and few effective programs. Often information on training or credit programs does not make it to small farmers, particularly those who are not part of an organization. Agrarian technicians are responsible for vast regions, inevitably leading to technical problems. Regarding sustainable coffee development projects per se, there is little assistance from the Mexican government, not even from the Ministry of the Environment, except through the Commission for Environmental Cooperation. Most support is coming from abroad.

Gender Gap

Women are an essential and integral part of coffee production and processing yet they have little participatory power in decision-making both within social organizations and the private sector. Even in the fair-trade movement, it is generally men who represent the family at meetings of the cooperative. Men tend also to manage profits from coffee production. Although in many cooperatives involved in fair trade women have built their own projects, usually related to food and health, men are the ones who sit on the board of directors of the cooperative.

4.2.2.2 The Marketing Level

Before presenting the specific challenges of Mexican sustainable coffees at the marketing level, two important general observations must be considered relating to the wider Mexican coffee trade.

First of all, like all coffee producing countries, the Mexican coffee sector is subject to international price fluctuations and shifts in international consumer demand. The coffee sector has no control over New York and London stock markets, which makes it highly vulnerable. National coffee consumption is very low, and as a result, Mexico relies almost completely on export revenues. On the world market, Mexican coffee must compete with coffee from other countries where the cost of production may be cheaper due to the lower cost of labour or because they apply more intensive methods of production. Large companies like Nestlé even import cheap low-grade coffee from other countries into Mexico for the manufacture of instant coffee. A culture around the consumption of high quality coffee is not highly developed among Mexicans as it is in many Northern countries.

Secondly, Mexican coffee is not world renowned for its high quality despite the potential which exists. Mexican coffee specialists interviewed

explained that when local intermediaries buy coffee from villages, both high and low quality coffees are often mixed together, resulting in inferior and inconsistent quality coffee. They say that in some areas, a lack of expertise leads to technical problems in production and inadequate processing. Also, some coffee is planted at a low altitude resulting in a lower quality grade. Meanwhile I was also informed in anonymity that the finest coffee from Chiapas is often smuggled to Guatemala where it is sold at a higher price than in Mexico due to the better reputation of Guatemalan coffees. In reality, this coffee is grown in soils, climate conditions and at an altitude almost identical to the coffee just across the border.

All this mentioned, it must be acknowledged that the quality of Mexican coffee has greatly improved over the last five years, thanks to technical advancements in production and transformation. The training given by cooperatives to their members has been helpful in developing correct pruning and stumping techniques, improving harvesting methods, fermentation and drying processes as well as for the careful sorting and selection of coffee beans. Interviews with North American importers and roasters confirmed that Mexico is now renowned for the quality of much of its organic coffee.

Interviews identified many specific marketing challenges. For one thing, the lack of demand for sustainable coffee forces many cooperatives to sell part of their coffee on the conventional market, at a lower price. For example, in the year 2000, only about 25% of the total coffee grown by members of the cooperatives listed on the FLO Fair Trade Registry was sold under fair trade terms.²³⁵

²³⁵ FLO-International. FLO Annual Report 2001. Utrecht 2001.

Working with a diversity of small-scale farmers scattered in remote areas also creates challenges in the areas of communication and training. According to cooperative leaders and farmers, information does not always flow as quickly or as smoothly as it should. Quality control of production under these conditions requires greater organizational efforts than under centralized production.

Processing of export-quality coffee is expensive and requires financial investments and administrative knowledge that many small-scale farmers' organisations do not possess. Also, organisations often lack the contacts for the direct selling of their coffee. The inability to speak English, the international language of trade, poses a barrier for those small-scale coffee farmers wishing to take up positions in the trading arm of their organisation. Most often, marketing skills lie with one or two people, which contributes to the concentration of power. Insufficient training in administration and marketing was also identified as a barrier to the development of sustainable coffee initiatives by the majority of respondents in the study.

Many producer organisations have problems accessing credit, especially if they are not involved in fair trade. Interest rates are very high and for this reason, there are cash flow problems for stockpiling coffee when it is time to gather it from producers. Local intermediaries usually pay the full amount right away, whereas many cooperatives have to pay producers in instalments. Many producers depend on coyotes for credit, which makes it difficult for them to take part in a cooperative, the main medium for sustainable coffee in Mexico. Information on credit programs from the government does not generally reach producers when they are not part of a social organization. And for those who do not read, the information may be inaccurately reported or not reported at all.

Adequate training, from the production to the marketing level, has been identified as a key factor to the success of sustainable coffee initiatives. Many small-scale producers' organisations lack the necessary resources to invest in education.

4.2.3 Specific Canadian and American Perspectives on the Challenges of Sustainable Coffee in North America

According to the sustainable coffee activists interviewed, the perceptions of the coffee industry regarding sustainable coffee have greatly evolved over the last five years. While many business people once regarded sustainable coffee as nothing more than a marginal movement doomed to failure, there are now a number of mainstream coffee business such as Starbucks, which offer fair trade, shade grown and organic coffees.

In the industry, it is the speciality coffee businesses²³⁶ which have shown the greatest openness to sustainable coffees. In the United States, the Specialty Coffee Association of America (SCAA) has played a leading role in developing these niche markets. For the year 2000, the theme of their 12th Annual Conference & Exhibition in San Francisco was *Bridge to the 21st Century : Quality, Sustainability & Responsibility*. Most workshops at the conference made a link to sustainable coffee, an expression which was still new to many conventional business people. Paul G. Hawken from the Natural Step movement was the keynote speaker at the conference and he managed to rally many skeptics. Some business people interviewed, reported that this SCAA event was their

²³⁶ The specialty coffee sector is mainly composed of small, medium and large-scale national coffee roasters specialised in gourmet quality coffee.

first introduction to the concept of sustainability, and that it clearly motivated them to get involved.

Since then, an increasing number of coffee businesses have come to realise the potential of sustainable coffee, in part as a way to maintain the quality of their product. As clearly stated by a Canadian speciality coffee roaster: “We understand that fair treatment of people, and land, are primary factors in sustaining a high-quality coffee crop.” As an other coffee American speciality roaster wrote: “Unlike previous downturns in the coffee market, there doesn’t seem to be an end in site for the current price crisis. In fact, the current pricing appears to be almost structural in nature. Given this, I believe that many speciality roasters will see the Fair Trade model as a way to ensure the quality they are looking for.” Many roasters are already paying double or triple the “C” price to find the quality they are seeking. Given the outlook for the market, many will begin to take a second look at the support fair-trade coffee offers to both producers (a decent wage that enables them to re-invest in the quality of their coffee and their communities) and in the marketplace (consumer interest in social responsibility, etc.).

Some businesses have indeed developed a sense of responsibility towards the impact of their industry and see their involvement in sustainable coffee as a concrete way not only to make their consumers feel good but also themselves. As confirmed by the *Sustainable Survey of the North American Speciality Coffee Industry* which involved a random sample of 2098 people (4.7% importers, 15,5% roaster wholesalers, 12,9% roaster retailers, 64,9% retailers), sustainable coffees are perceived as being more than a trend. The main inferences that were drawn from this study are the following:

- “The sustainable coffee segment of the industry is growing very quickly.
- Industry is already benefiting, in terms of increasing sales and higher prices, from the product differentiation, improved quality and price premiums of sustainable coffees.
- The speciality coffee industry appears to understand that their future is intimately linked with the sustainability and quality of their supply.
- If the industry is unclear over definitions, so are consumers. Providing education and information will be critical factors in expanding these market niches.
- Standardised terminology and consumer-friendly certification can help prevent confusion and erosion of support for this market segment.
- The industry is optimistic about the future of sustainable coffee.”²³⁷

Despite those encouraging results, the author acknowledges that the definitions and distinctions between the different sustainable coffee initiatives were often unclear to respondents. Doubt was expressed about the validity of some of the coffees considered sustainable in the marketplace because of the lack of third-party certification.²³⁸ The industry seems to be conscious of this risk since “more than two-thirds of the speciality coffee industry believe that certification of sustainable coffees will be important to their business in the future. Similarly, about two-thirds were in favour of a simpler way of communicating sustainability in the marketplace, in effect a super seal incorporating criteria from Organic, Shade, and Fair Trade coffees.”²³⁹

²³⁷ Giovannucci, Daniele op. cit, p.5.

²³⁸ Giovannucci, Daniele op. cit, p.4.

²³⁹ Giovannucci, Daniele op. cit, p.5.

4.2.3.1 Challenges of Sustainable Coffee at the Purchasing Level

According to the *Sustainable Coffee Survey of the North American Speciality Coffee Industry* the most important factor influencing the purchase of sustainable coffee is quality. Second most important is a consistent supply, and third is a convenient supply. The fourth factor is customer awareness, and lastly, price.

The opinions of the speciality coffee industry differ from that of large-scale coffee businesses.²⁴⁰ In our survey, the latter indicated that insufficient quality is not an obstacle. They talk more about the obstacles of the higher price of sustainable coffees and the lack of consumer awareness surrounding these initiatives.

The issue of price

In our own survey, the largest coffee players interviewed showed less enthusiasm for sustainable coffees than businesses from the speciality coffee sector. In general, they perceived limited incentives to get involved in the sustainable coffee trade. A large-scale US roaster even argued that fair-trade, organic and shade grown coffee initiatives are economically unsustainable because of their often-times higher price. Despite the fact that higher prices normally reflect higher quality coffee, this company nonetheless stated that “most people don’t care about quality, they want cheap brew.” As stated by another conventional roaster: “Consumers do not want to see a price increase; shareholders don’t want to see their profit decrease.”

There are a number of explanations for the usually higher price of sustainable coffees. It is not only due to the higher price paid to

²⁴⁰ Their product is characterised by lower to medium quality coffee blends and are the main supplier of supermarkets.

producers (allowing social and environmental investments locally), as discussed earlier. The environmental and social premium paid to producers rarely accounts for more than 0,85\$US per lb. and is usually much less. When the world price of coffee is higher than the minimum fair-trade price (1.26\$ per lb. for *arabica*) the premium paid to producers is only 0.05\$US per lb. In the case of shade grown coffee, no minimum price or premium price is guaranteed. So, why do consumers often pay an extra two to five dollars for a pound of sustainable coffee?

It must be acknowledged that sustainable coffee is most often also speciality coffee, meaning that another premium is paid for quality. Thus it is not representative to compare the price of *Maxwell House* coffee with *Salt Spring Roasting* coffee. The quality of the product is not the same.

Certification processes also incur costs which are ultimately transferred to consumers. The fair-trade certification fee paid by the licensee costs between \$0,08 and \$0,13 per lb., depending on the country. For organic, the cost of certification varies greatly depending on the volume of production, the size of the business and the efficiency of the certifying organisation. The FAO estimates that organic certification costs can reach up to 5% of the value of the producer price.²⁴¹

Another factor influencing the retail price of sustainable coffee is the fact that much of the coffee is still being sold by small businesses which do not benefit from the economy of scale of larger enterprises. It is much more expensive to buy a pallet of coffee than a whole container when engaging in a direct relationship with a cooperative. Some larger roasters

²⁴¹ Gómez Tovar, Laura. Manuel Angel Gómez Cruz and Rita Schwentesius Rindermann. *Desafíos de la Agricultura Orgánica*. Chapingo, Mexico: Universidad

indicated that they would prefer to deal with large plantations than coops in order to access higher volumes and a consistent supply. They are in favour of a “think big” approach to sustainable coffees. This is problematic for the fair-trade coffee movement, which deals with small producers united in cooperatives.

It is interesting to note that sustainable coffee can actually allow traders to earn a better margin of profit due to the fact that in the conventional coffee trade, each intermediary takes a percentage on the sale. The *Sustainable Coffee Survey of the North American Speciality Coffee Industry* indicated that 36.9% of respondent considered “better profit margins” as a very important factor in making sustainable coffee valuable to businesses.²⁴²

The Issue of Direct Selling in Fair Trade

The challenges attached to the direct selling clause in fair trade was well summarised by a small Canadian coffee company:

“The logistics of transport means it is rarely feasible for producer organisations to make direct sales of less than one container (37,500 lb.) at a time. (Sales by the pallet are possible, but prohibitively expensive – bringing into question whether it could be ‘sustainably’ (profitably) sold at retail. Moreover, it is significantly more burdensome on the producer organization to deal with a multitude of tiny sales than to sell by container.) So in North America, the ‘direct sale’ is usually to one of several importers, who then resell to smaller roaster/retailers. This is still in accord with the goals of fair trade to avoid their vulnerability to sole coyote buyers, but is perhaps not well understood by the average

Autónoma Chapingo. 1999. P.40. Citing: FAO. Comité de Agricultura. Tema 8 del programa provisional 15 periodo de sesiones. Rome. 25-29 January 1999.

²⁴² Giovannucci, Daniele op. cit, p.18.

consumer. As a result, the smaller roaster/retailer is dependent on these importers to secure their coffee supply.”

This comment shows how the “direct trade” criteria of fair trade reduces the number of intermediaries in producing countries more so than in consuming countries.

The Issue of Credit

The fair-trade certification criteria stipulate that at the seller’s request, the importer must make available a line of credit of up to 60 percent of the original contract, based on the minimum price determined by FLO-International.²⁴³ The reality is that many cooperatives do not even ask for credit because they know that most buyers are reluctant to make it available. Buyers find it risky and usually only provide credit to producer organisations with whom they have a previous relationship.

4.2.3.2 Challenges at the promotional Level

“There is considerable confusion about what the three terms Organic, Fair Trade and Shade actually mean. Failure to promote or educate about standardized terminology will very likely lead to the deterioration of terms such as “Shade coffee” until they are as meaningless to a consumer as the word “natural”.”

This statement from the *Sustainable Coffee Survey of the North American Specialty Coffee Industry* was clearly confirmed by our own survey. The level of misinformation regarding the various initiatives is especially high among companies who are not involved in any of the certification systems, and to a lesser extent among companies who only

offer a small percentage of certified coffee. Most people interviewed seemed to understand the organic system better than the other two.

Given that business people directly involved in the coffee trade are confused, it is not difficult to imagine the situation among the majority of consumers. Although educational materials about sustainable coffee have been produced by NGO's, of which many are available on the Web, the message has yet to reach many coffee players and consumers. Information diffusion represents one of greatest challenges to the sustainable coffee movement.

Our survey also revealed that people in the coffee industry are sensitive to how fair trade might affect the image of their non fair-trade lines. Some feel that identifying one brand as fair trade presupposes that their other brands are not traded fairly. Organic and shade grown coffee do not seem to raise the same concerns.

It is organic coffee that seems to incite the greatest market confidence among business people. Because of the perceived health benefits associated with the consumption of organic coffee, it is believed that consumers will be ready to pay more. The motivation for consumers to buy organic coffee is seen as less altruistic than fair-trade or shade grown coffee. Organic coffee is seen as giving something back to consumers. Some roasters suggested that shade should simply become one component of organic coffee certification criteria

Despite the fact that many roasters expressed a certain amount of dissatisfaction towards coffee certification organisations and in some

²⁴³ FairTrade Labelling Organizations International. Les conditions pour l'achat de café Max Havelaar/Transfair/FairTrade. Utrecht: FairTrade Labelling Organizations International, June 1995.

cases, the need for third party certification, businesses generally claimed that certification is important for sustainable coffees. According to the *Sustainable Coffee Survey of the North American Specialty Coffee Industry*, “two-thirds feel that a super seal, combining the criteria for the three sustainable coffees, is important for their business.”²⁴⁴

Some coffee businesses who have been involved in sustainable coffee for a few years are more pessimistic about this idea: “Trying to create super seal—not much hope – everybody has their own business and niche and therefore will not get together—this does create consumer confusion because they work against each other.” Players in shade-grown coffee initiatives have been particularly criticised for not collaborating with other initiatives. Many would like to see shade criteria being systematically integrated into organic certification systems.

This chapter has reported on the main challenges facing the development of sustainable coffee as identified by a diversity of actors within the North American coffee community. The next chapter will synthesise the information presented in the overall research project and draw conclusions about the main thesis question. This will be followed by a series of recommendations for a framework of actions in North America directed at countering the challenges faced by fair trade, organic and shade-grown coffees in penetrating the conventional coffee market in North America.

²⁴⁴ Giovannucci, Daniele. op. cit. p.21.

Chapter 5

Conclusion and Recommendations

5.1 Conclusion

This thesis has attempted to answer the question: what is the potential of sustainable coffee initiatives to counter the negative impacts of conventional practices in the current context of global trade and neo-liberal policies? In particular, it analysed the situation in North America, taking Mexico, Canada and the USA as a case study. The analysis of the existing barriers to the development of fair trade, organic, and shade grown coffee was based on the results of participatory research in all three countries. These research findings were also instrumental in informing the recommendations presented after the conclusion. A secondary objective of this research project was to explore the relationship between government policy and community-based efforts. Ultimately, I wanted to propose a framework of actions to further develop sustainable coffee in North America and enhance collaboration among the various actors.

The first chapter began the process of responding to this main thesis question by drawing a broad picture of the current global context, addressing issues surrounding the power of the market, its domination by large corporate interests, and the impact this is having on democracy. It showed how economic growth has mainly benefited the interests of a minority and has resulted in high environmental and social costs—in a context of increasing inequalities between rich and poor. This chapter presented some of the problems associated with the way wealth and progress are measured, such as the case of the GDP, and how it fails to take into account the common good. The chapter also showed how states

are concluding international agreements such as NAFTA and WTO that transform their own ability to intervene in their national economies and how, in the context of free-trade, weak environmental and social regulations often translate into positive comparative advantages. I also described the rise of civil-society organisations and the emergence of ethical consumer and producer movements that work to counter the hegemonic power of the dominant economic model. I talked about the globalisation of social movements working to rebuild democracy from the ground up, as it should be. I also exposed the rationale behind responsible consumer choices as well as their current limitations due to a lack of easily-available information on labels and their often-prohibitive costs.

The second chapter investigated the political economy of conventional coffee production and trade. We saw how social exploitation is deeply rooted in the history of this tropical product and how it did not die with the end of colonialism. The Mexican case was presented. Deforestation, loss of biodiversity, agrochemical pollution and soil erosion were presented as the main environmental costs which are not factored into the price paid by consumers for their coffee. Through an examination of the conventional route of coffee, it was clearly shown that small-scale coffee growers and plantation workers are the poorest in the coffee system, although they are the ones doing most of the work. We saw that the multinational corporations that dominate the coffee trade boast sales figures exceeding the gross domestic product of many coffee-producing nations. Although a shedding of responsibility tends to occur all along the coffee chain, a new generation of socially and environmentally conscious traders and consumers are emerging alongside the growth of speciality coffees in North America.

This laid the groundwork for the third chapter, which illustrated how sustainable coffees are emerging as market-based instruments for social and environmental accountability. It presented how third-party certification initiatives like fair trade, organic and shade grown counter some of the negative impacts of conventional practices. Meanwhile, it also raised the issue that to date, none of them single-handedly address the whole social, environmental and economic spectrum of sustainability in coffee production and trade. Each of these initiatives has its own strengths and weaknesses and would benefit from greater collaboration. Some examples of non-certification initiatives were also examined, ranging from international development projects to governmental initiatives coming from the Association of Coffee Producing Countries (ACPC) and the International Coffee Organization (ICO) as well as some business initiatives. After having presented a wide range of projects which address the negative impacts of conventional practices, although not always at its root, I discussed how many of them are transferring the responsibility of sustainability to consumers even if most people are ill-informed about the impact of their choices.

Only a minority of businesses have made a commitment to some level of sustainability. The majority of them are benefitting from the externalization of environmental and social costs. Given international trade agreements such as NAFTA and WTO, the imposition of state-controlled market mechanisms to globally direct trade towards sustainability becomes a huge challenge. As presented at the end of the chapter, at the WTO and in international negotiations in general, the idea of linking social and environmental criteria to trade rules has proven to be very contentious. Such measures have been denounced, most often by the elite of developing countries, as expressions of social and eco-imperialist trade barriers.

The fourth chapter went to the heart of the challenges of sustainable coffee in North America. The results of participatory research undertaken with Mexican, Canadian, and American actors involved in the production, certification, trading, roasting, study and promotion of coffee revealed a diversity of perspectives and reflected the complexity of the issue. The challenges faced by the sustainable coffee movements, from production in Mexico to retailing in Canada and in the USA, are diverse and numerous. As analysed earlier, they are mainly related to the inequitable international trading system, the lack of knowledge among coffee actors, the nature of the existing certification models, the lack of credit, as well as marketing aspects linked to quality, availability, price and promotion.

The conclusions of the investigation reported in the four core chapters of this thesis are as follows.

First, sustainable coffee has the potential to develop further in North America, from the production to the retail level. Although in terms of coffee sales, sustainable coffee initiatives still represent less than 1% of the total North America market,²⁴⁵ the various studies and surveys presented in this thesis clearly suggest that sales will keep growing, most of all within the speciality coffee industry. At the production level in Mexico, fair trade has motivated small-scale farmers to organise themselves into cooperatives in order to break the dependency on local intermediaries, and secure a better price for their coffee. Over 50 000 thousand Mexican families are part of cooperatives listed on the FLO registry. In the year 2000, 49,512 ha of coffee plantation were certified

²⁴⁵ Giovannucci, Daniele. *op.cit.* p. 28.

organic and 21,326 ha were in transition.²⁴⁶ Organic production has more than doubled in four years.²⁴⁷ Mexican organic coffee accounts for 20% of the total global supply, making it a leader in the sector. Meanwhile, it is estimated that between 60-70% of all Mexican coffee plantations are under a certain level of shade, thereby contributing to greater biodiversity conservation than coffee monocropping.²⁴⁸ All of this is clear evidence that fair trade, organic and shade grown initiatives are bringing concrete improvements in terms of sustainability in Mexico.

Now to get back to the core question of the thesis, can we say that sustainable coffee initiatives counter the negative impacts of conventional practices in the current context of global trade and neo-liberal policies? As just shown, all aspects considered, they do make a real difference in the life and the environment of millions of coffee producing families in Mexico and around the world. But, when we look at the extensive devastating impacts of conventional production and trade around the world, especially apparent now with the collapse of world coffee prices, it is easy to think that parallel system of production and trade are not sufficient to counter the gigantic impact of conventional practices. The mainstream coffee businesses interviewed in this research project indicated that the actual functioning of sustainable coffee initiatives does not appeal to them. They perceive major obstacles associated with the higher price of the product, the lack of consumer demand and the lack of availability of the product. Much work is needed to bring sustainable coffees beyond their niche market. In the North American market, the speciality coffee industry is increasingly doing so.

²⁴⁶Data from Gómez Tovar, Laura. Universidad Autónoma Chapingo, Centro de Investigaciones Económicas, Sociales y Tecnológicas de la Agroindustria y la Agricultura Mundial (PIAI-CIESTAAM), 2001.

²⁴⁷Ibid data compared to op. cit. Gómez Tovar, Laura. Manuel Angel Gómez Cruz and Rita Schwentesius Rindermann. 1996. p.28.

²⁴⁸Mogel, Patricia and Victor M. Toledo. "Biodiversity conservation in traditional coffee systems of Mexico". *Conservation Biology*. ol. 13, no.1, 1999. pp.11-21.

Some macro-economic changes would be necessary to make sustainability a must rather than just an alternative for all types of trade. As already discussed, under current free-trade conditions, low environmental and social standards commonly represent a comparative advantage, especially in the agricultural sector. This partly explains why states, despite having the power to enforce some environmental and social policies and regulations to take into account social and environmental costs, do not do so. Their primary concerns are with competitiveness and economic growth.

This research illustrated the breadth and complexity of the underlying causes associated with the problems inherent to the production and trade of coffee. It also revealed the urgency of putting solutions into practice, at the producer level all the way to the consumer. Each stage of the production-to-consumption system must take some share of responsibility towards making sustainability a reality. Governments and civil-society organisations also have an important role to play in bringing sustainable coffee out of its niche market and into the mainstream. To help achieve this objective, the recommendations that follow suggest a framework of actions to increase collaboration amongst all players.

5.2 Recommendations for a Framework of Actions in North America

5.2.1 General Strategies for Sustainability

Before I started the participatory research for this project, I was convinced of the need for the establishment of a cooperative structure to assist “sustainable” coffees to penetrate the conventional market. I envisioned a pan-North American structure, similar to the Forest

Stewardship Council, but regional, to bring together previously independent movements around fair-trade, organic, and shade-grown coffees. Through my research, I quickly realised that such an initiative would not ally the key actors, especially if it were only focussed on North America. Mexicans prefer to think in terms of all potential buyers, and many of these are in Europe. Meanwhile, Canadians and Americans desire sustainable coffees from a diversity of countries, not only Mexico. Thus, the incentives were not high enough to justify all the energy and resources needed for the success of a new North American cooperative structure. Nor did I have the necessary means or resources to investigate, in a participatory manner, the potential for a world-wide structure.

As a consequence, I decided to keep the focus on North America and suggest a framework of actions, which encourages increased collaboration amongst players, rather than the establishment of a formal North American structure.

Increasing Collaboration

Given the scope of the challenges facing the development of sustainable coffees, most stakeholders agree that greater collaboration between coffee producers and buyers, NGOs, as well as governmental institutions would help bring "sustainable coffees" beyond their niche market.

While many actors have great ideas for collaboration, they do not always possess the necessary time, resources, and capabilities to make them a reality. It is easier to go to meetings and talk about ideas than to actually follow up with a plan of action, especially if direct benefits are not felt in the short term. Also, contrasting visions and philosophies as well as scarce resources can sometimes create a climate of competition rather than collaboration. Networking is an effective way to build the strength

of the movement by uniting forces, but it is also time consuming. Without adequate resources, networks can become empty shells disconnected from their foundation and their *raison d'être*. The lack of resources of many networks prevents them from making concrete advancements.

For these reasons, it seems more effective to reinforce existing collaborative initiatives, already well-rooted in concrete projects, than to create new networks. It is also more strategic to start with actors already motivated to really contribute to the development of sustainable coffees than to force less committed people to get involved. Previous experience in sustainable coffee initiatives show that once a project works, new actors want to get involved. Chances of success are greater when starting an initiative with a small but strong and committed core group and then expanding outward, than when starting very big.²⁴⁹

Reinforcing the following initiatives would benefit the North American sustainable coffee movement:

- As discussed, there is still no clear definition of sustainable coffee, even if an increasing number of actors show an interest in an all-encompassing certification process or a 'super seal'. The potential for such an initiative and its concrete functioning has yet to be investigated and defined. Meanwhile, and as presented in the third chapter, FLO for fair trade, IFOAM for organic and the collective organised around the elaboration of the Conservation Principles for Coffee Production, are the three main global collective bodies that work on the certification of coffee. Greater collaboration amongst those initiatives would greatly

²⁴⁹ Hall, Richard H. *Organizations: Structures, Processes, & Outcomes*: Englewood Cliffs: Prentice Hall. 1991. 344 p.

benefit the development of sustainable coffee in general. Increased collaboration could occur in the following areas:

- (1) Joint inspection undertaken by local certification agencies. This would help reduce costs and bureaucracy for producer organizations and retailers;
- (2) Training programs and educational materials to facilitate the involvement and the transition of coffee plantations and to enlarge their vision and practices toward sustainability. Producers could be encouraged to develop new sustainable products in order to lessen dependence on coffee.
- (3) Educational and promotional campaigns to develop the market for sustainable coffee.

- The *Consejo Civil para la Cafecultura Sustentable en Mexico* unites existing networks and organizations such as coffee producer cooperatives, fair-trade, organic and shade grown certification agencies, NGOs, research institutes as well as governmental institutions, around the objective of further developing sustainable coffee in Mexico. This civil society organisation was created in February 2001 on the eve of the meeting *Cafecultura sustentable en Mexico* organized jointly by IDESMAC, Pronatura Chiapas and the Commission for Environmental Cooperation (CEC). Working groups were created to collectively address the concrete challenges of sustainable coffee in Mexico in the area of certification, production, marketing and promotion of sustainable coffees. Some of their members have been working on the elaboration of Mexican norms for the certification of sustainable coffee, in which social and environmental criteria are integrated.

- The work of the International Social and Environmental Accreditation and Labelling (ISEAL) Alliance presented in the first

chapter, could be strengthened in order to create international recognition and credibility for the various voluntary certification programs in the eyes of intergovernmental trade bodies and the international arena. The organisations currently participating in ISEAL are: FairTrade Labelling Organizations International (FLO), the Conservation Agriculture Network (CAN), the Forest Stewardship Council (FSC), the International Federation of Organic Agriculture Movements (IFOAM), the International Organic Accreditation Service (IOAS), the Marine Stewardship Council (MSC), and Social Accountability International (SAI).

Projects

Various projects and ideas for actions have been suggested to further develop sustainable coffee in North America. Some of them are already taking place at local, national or regional levels and would benefit from further strengthening and/or expansion. Here are some of the ideas expressed by various participants in this research project:

- Create alliances between coffee producers, NGOs, certifying associations and government agencies to develop sustainable coffee at the local, national and international level with the goal of circulating information, sharing experiences, making promotion easier, etc.
- Improve information exchange and communication among actors to facilitate collaboration. Conjointly with this research project, a web site is being constructed to provide a forum for information exchange for sustainable coffee organizations in Spanish, English and French. It must be recognised however, that the web is not easily accessible to all coffee producers. Other means of communication must be developed which can

reach farmers in their communities, especially given that it is their daily practices that have the greatest impact on sustainability.

- Training programs are needed to share positive agricultural and marketing experiences within communities and between organizations. Training programs between small farmers could be further developed. Training for the dissemination of sustainable production techniques, quality control and certification are also needed as well as training to facilitate the transition from conventional to organic coffee and to improve the diversity of shade cover in plantations. Access to information on resources and existing programs to support farmers must be democratized.
- Diversification of sustainable production and economic activities should be encouraged to reduce dependency of farmers on coffee, especially in lower altitude areas where the quality of coffee is inferior. It would be best to adopt strategies to improve coffee quality rather than quantity.
- Promotion and awareness campaigns to increase demand for sustainable coffees in the three countries are needed. Good media strategies must be adopted.
- Easier access to credit is needed to limit the existing dependency of small producers on local intermediaries and to facilitate transition towards sustainable production. The North American Commission for Environmental Cooperation (CEC) is currently working on the development of a Shade Agriculture Fund, which would make micro-credit more accessible to small-scale farmers practicing “commercial polyculture”.

- Sustainable certification must be made more accessible to farmers. Certification processes should be simpler and less bureaucratic. Associated costs should be lower.
- Projects associated with sustainable coffee initiatives could be more democratic and transparent. In local organisations, the participation of women could be improved in decision-making processes. Consultation and development processes modelled after indigenous traditions could be further developed.
- Buyers stand to gain from developing long-term relationships with cooperatives based on trust and a shared vision of business partnership. Buyers could support training programs to improve coffee quality and gain a better understanding of the reality of producers. In its definition of quality, the speciality coffee industry could include aspects of environmental and social justice. They could improve the information passed on to consumers to promote sustainable coffee and foster greater cooperation with certification organizations and NGOs to create consumer awareness.
- A sustainable coffee world conference could be organized with very concrete objectives. It was suggested that the SCAA would be a good catalyst for organizing such an event in collaboration with other organizations.
- Exchange projects between producers and buyers could be organised in order to foster a better understanding of each other's realities.

- Mexican actors could jointly produce promotional information on the different types of sustainable Mexican coffee.
- A study could be carried out in Mexico to determine which organizations are eligible for the three different types of certification initiatives and which requirements are lacking.
- NGOs should maintain a neutral role without economic or political interests and try to develop long-term projects and strategies without treating producers in a paternalistic manner.
- In Mexico, the Coordinación Nacional de Organizaciones Cafetaleras (CNOOC) should be strengthened. It is the key national player representing small producers.
- Translation services to facilitate dialogue between the organizations would be helpful.

5.2.2 Policy Recommendations

For the Mexican Government

Mexican producers have been pioneers in the development of organic and fair-trade coffee. The lack of investment in industrial plantations has contributed to the conservation of natural shade thus facilitating forest preservation and maintaining a high level of biodiversity in coffee growing areas. Mexico benefits from favourable climatic and geographical conditions for the production of high quality coffee. All this gives Mexico a comparative advantage on the sustainable coffee market. Mexico could learn from the marketing success of Colombian

coffee (see chapter 2) and develop its own strategies using sustainable coffee to distinguish itself. The Mexican coffee sector would benefit from the development of an integrated vision based on a clear and participatory plan that supports the development of a sustainable coffee market both in Mexico and internationally.

To facilitate the development of sustainable coffee in Mexico, the participants of this research project suggested the following actions for the Mexican Government.

- There is a need to:
 - Support local organic, fair-trade and shade grown certification initiatives, more particularly the work of Certimex and Comercio Justo Mexico.
 - Support technical training programs for the production, transformation, marketing and certification of sustainable coffee.
 - Facilitate access to credit.
 - Support diversification of sustainable production.
 - Support producers work in the area of conservation.

- Sustainable Mexican coffee could be served in all governmental offices.

- More generally, investments in basic services such as education, health, transportation and community projects are needed to alleviate poverty in coffee growing areas. The government could implement support programs in rural areas in cooperation with local groups that reflect the needs and cultural diversity of each area. The government should stop giving money or chemical products that create dependency.

- There is a major need for greater coordination between the various ministries and governmental programs. The level of bureaucracy in existing government agencies and organisations could be reduced.
- The government should continue the process of promoting a democratic culture and fighting corruption.

For the Canadian and American Governments

Canadian and American governments could facilitate the development of sustainable coffee in the following manner:

- US Aid and the Canadian International Development Agency (CIDA) could finance international development projects in coffee growing areas to favour the development of sustainable coffee, and promote local awareness campaigns in their own country.
- The governments, through its various programs, could support partnerships between North American organisations to develop sustainable coffee.
- Governments could announce their official support of the development of sustainable coffee and have it served in all their public buildings.
- Governments could support the work of certification organisations and NGO educational campaigns. Jointly, they could present public service announcements to inform people about the impact of the coffee they drink.

- Governments could support organic agriculture in general and address issues around labour conditions particularly in the agricultural sector. They need to adopt policies that encourage fair business practices in general, and avoid environmental and social exploitation.
- Governments could help monitor claims of sustainability.

To the North American Commission for Environmental Cooperation

- The CEC should continue using its neutral and privileged position to facilitate cooperation between key players in Mexico, Canada and the US and to promote political interaction between government officials and civil society organisations.
- The North American Fund for Environmental Cooperation should be allocated more resources and strategic power to support grassroots initiatives in the sustainable coffee sector. The CEC could set up a fund to assist concrete cooperative projects between organisations in the three countries and organise exchange programs between North American players.
- The CEC would be an appropriate organisation to take on the task of surveillance and also reinforce the capability and credibility of certification initiatives. Their investigations and studies are highly valuable.

5.3 Personal Conclusion

Coffee is brewing. As I start the day, the rich aroma fills my kitchen, like those of millions of others.

Sitting at my computer in my Montréal apartment, I think of Adela, Félix and all the people thanks to whom I can drink my coffee. As I write these lines, Adela has long finished making the tortillas for the day. Every morning she rises before the sun to start the cooking fire and claps between her hands a dough made from the corn they have grown. By now, Felix must be in the mountains weeding his small coffee plantation or sowing corn seeds. He has probably walked along the little path next to the river, greeting people on his way. In a plastic bottle, he carries very sweet coffee, boiled in a thin aluminum pan with more sugar than coffee. The best quality beans are exported. The worst are kept for family consumption.

Seen from outside, Adela and Felix's life seems to be an ideal of beauty. Surrounded by a cloud forest, they live in a wonderful environment where orchids grow wild and free. A place where wealthy people would pay big money to go on vacation. Yet, although the situation of many people in the village of Guadelupe has improved as a result of their involvement with the coffee cooperative UCIRI, there still have many worries. They are struggling for things most Northern coffee drinkers take for granted: basic social services, justice, respect and democracy. Native people and peasants are generally downtrodden in Mexico. The Zapatista rebellion which started in the neighbouring state of Chiapas has its roots in the subjugation of native people. The colonial conquest still reverberates throughout the country. Coffee cooperatives and fair trade have been an important empowering tool for thousands of small coffee

farmers in Mexico and around the world, but have not solved all their problems.

The coffee crisis is affecting everyone in the mountains. No one can escape, especially those who are still selling their coffee to coyotes, at a cheaper price than ever. The low prices of coffee are triggering a rural exodus toward sweatshop zones and the USA.

The last time I left Guadalupe, I met a young man sitting next to me on the roof of the bus. With his little red bag, Arturo was starting his journey to the US border. His eyes were glowing with stories he had heard of and seen on TV. His uncle had been living in Los Angeles for years and regularly sent money back to the family. He would help him to find a job. Arturo had no papers. When I told him about the beauty of his village and my feeling for his people, he looked at me smiling. I could read in his eyes that it was easy for me to say that. I could come and go as I wish. My survival did not depend on the fertility of the land nor on the price of coffee. My political opinions did not put my life at risk. My skin was white, I had education and a Canadian passport.

The world is unfair and we all know it. What sustainable coffee initiatives have tried to show is that we can make difference—a bigger one than we imagine. Every choice that we make has an impact on other people's lives and on the environment. We are perpetually connected with thousands of men, women and children who have grown the food that we eat, sewn the clothes that we wear, and produced everything around us. If we could only see them through the labels on these products, we would have another perspective. Coffee has a different taste for me, now that I know the work and the hopes behind it.

In rich countries we have become very good at talking about rights and liberties—especially our own. Responsibilities are another matter. It takes time to realize that by not taking our responsibilities towards others we are infringing on our own liberties.

I sometimes compare the state of our planet today to a city in the middle ages. At that time, people threw garbage and sewage out of the windows. They did not realize that they were poisoning themselves, contributing to the propagation of terrible infectious diseases. This behaviour was seen as normal until a few people started making the connection and pointed out the problem. To change people's habits took time and a complex process involving education, city planning and regulation.

In the same way, we are contaminating our own environment and society with what we consider "normal behaviour." But slowly, people are starting to make connections.

I remember a few years ago, after returning from my first trip to Mexico, trying to convince a coffee roaster of the importance of fair trade. He laughed, telling me that everyone was for virtue and justice, but that when the time came to put it into practice, the story was different. There is truth in what he said. As I pointed out in the Introduction, many of us are quick to condemn big corporations for being focused solely on profits, while congratulating ourselves on getting the cheapest deal.

But today that same coffee roaster's company is selling fair-trade coffee certified by Transfair Canada and organic coffee. This is not because of the conversation we had. What convinced him were the demands of his customers. Money talks.

By asking for fair-trade, organic and shade-grown coffee we create a demand that puts pressure on businesses. Coffee is simply an eye-opener, an example of what can happen for all products. We make the market: the global market. It is time to show that we want more than cheap products. Our choices can help build an economic system that serves people and not the other way around. The experience of fair trade and the impact it has had on people's lives shows that this is no mere pipe dream.

The globalization of social and environmental justice goes beyond words: daily actions are what gives it life. Just as democracy means more than going to vote once every few years. Democracy happens every day with what we say to politicians and businesses, with what we buy and how we behave towards people around us. Today's revolution, and the revolutions to come, start in our heads and take shape with in each of our daily actions. We can each add a small stone to the dam that will hold back the flow of injustice. All this to give to our society the humanity that we owe it, the humanity we all deserve.

Appendixes

Appendix 1

Moving Toward Sustainable Coffee Development In North America: The Cooperative Route

Paper presented at the conference
Cafecultura Sustentable en Mexico /
“Sustainable coffee in Mexico”
San Cristobal de las Casas, Mexico
20 February 2001

By Laure Waridel
Researcher, Eco-Research Chair of Environmental Law and Policy
University of Victoria, Canada

“Moving toward sustainable coffee development in North America: The cooperative route,” is a project that received financial assistance from the North American Fund for Environmental Cooperation (NAFEC). The information in this document reflects the opinions of the people interviewed only.

1. Background

Over the last few years, serious concerns have been raised regarding the social and environmental impacts of coffee producing and trade. This has been the basis for a series of initiatives aimed at developing organic, fair trade, and shade grown coffees as means for change and moving toward sustainable development.

In the last two years, the Commission for Environmental Cooperation (CEC) has put significant work into analysing sustainable coffee growing in Mexico in terms of market opportunities and preserving biodiversity. The Smithsonian Migratory Bird Center and the CEC have collaborated on an analysis – initially on the biophysical requirements of shade growing and then on analysing the market itself. Those who took part in the meeting last March in Oaxaca established the CEC mandate to continue promoting the market for shade grown coffee.

Similarly, other initiatives were being consolidated. Certimex and Comercio Justo México. Now Pronatura Chiapas and IDSMAC have taken the initiative of facilitating discussions on sustainable coffee production at the national level in Mexico. The draft of certification standards for sustainable coffee in Mexico was one of the outcomes of the workshop. “Indicators of Sustainable Coffee Production: Maintenance and Development,” took place in June 2000.

The project “Moving toward sustainable coffee in North America: The cooperative route” was developed in much the same way with the cooperation of the CEC, Équiterre, Pronatura and other civil society organizations. We are looking at the potential of a cooperative structure that recognizes the inherent challenges involved in sustainable coffee production with the ultimate goal of breaking into the conventional coffee market.

The information in this document is the product of a series of interviews that took place between October 8 and November 22 2000 in the states of Chiapas, Oaxaca, Veracruz and the Federal District. Seventy-nine people were interviewed in total. Among those interviewed were small coffee producers, NGO members, large coffee producers, representatives of government organizations, scholars, consultants and technicians from social organizations, and organic and fair trade inspectors.

The two main objectives for the interviews were the following:

1. Identify the problems that limit the development of sustainable coffee production and trade in Mexico.
2. Let coffee actors identify action needed to encourage the expansion of sustainable coffee production and trade in North America.

Opinions in the interviews varied widely. In an effort to keep the report brief, I will be reporting opinions that were shared by at least two people in order to show opinions that were representative of those interviewed. In addition, internal problems and difficulties were not reported unless they had direct repercussions on third parties.

I would like to give my sincerest thanks to all those who participated and offered their precious time and personal experiences for this study. For reasons of confidentiality, names will not be used.

Laure Waridel
5979 Waverly,
Montreal, QC,
H2T 2Y4,
Canada
(514) 273-0047
lwaridel@uvic.ca

2. What Exactly is Sustainable Coffee?

The debate surrounding the exact definition of sustainable coffee has not been resolved. For some, a few trees on a large plantation suffice for the coffee to be considered sustainable. For others, sustainable coffee must be certified as organic and fair trade as well as being grown in a seminatural forest ecosystem and contributing to the preservation of natural, traditional and indigenous methods of cultivation. Between these two extremes, there are a variety of perspectives.

In this document sustainable coffee is understood to be any coffee that meets at least one certification model whether it be organic, fair trade or shade grown.

3. Obstacles to Sustainability

At the Coffee production Level

Poverty

The majority of areas in which coffee is grown are poverty stricken. The payment that families receive for their coffee production is inadequate. People who grow coffee for export suffer from malnutrition. Government services in the areas of education, health services, transportation infrastructure and communication are far from being adequate.

Producers are vulnerable to fluctuations in prices on the New York and London stock markets.

Overworked Land

- Profits associated with sustainable growing are not enough to maintain the interest of all producers. When coffee prices are very low, producers change crops. Depending on the area, the producer may choose to produce sugar cane, chiles or rent their land for cattle farming.
- Deforestation, pollution and soil erosion are becoming problem issues.
- In some areas, population growth adds even greater demands on soil. There remain very few untouched areas.

Lack of Knowledge

- Most producers are unfamiliar with alternatives for obtaining high productivity without the use of chemicals.
- The importance of shade grown coffee is known but the notion of biodiversity is limited.
- There is a general lack of understanding regarding the impact of certain agricultural practices.

State Paternalism

- Those who make decisions and create coffee policies are not acquainted with the reality of rural life.
- The government lacks vision in developing the coffee-producing sector policies, combined with a high level of bureaucracy and few effective programs. Often information on training or credit programs do not make it to small farmers, particularly those who are not part of organizations. Agrarian technicians are responsible for regions far too vast inevitably leading to inherent technical problems.
- A significant number of civil servants from government agencies have closer ties with coffee estate owners than with social organizations. What they really need is a consultation process with the public and adequate communication with the majority of small coffee producers.
- Coffee estates do not receive assistance from the government to improve their farming practices.
- The Mexican Ministry of the Environment does not support sustainable coffee projects.
- There is very little cooperation between government ministries.
- In some states, the government gives chemicals to producers free of charge.

Democratic Deficit

- The government does not consult producers before creating financial assistance programs or new policies.

- Women are an essential and integral part of coffee production and processing, yet they have little participatory power in decision-making both at the social organization-level and in the private sector. Men manage profits from coffee production.
- There is a great lack of transparency in many governmental and non-governmental organizations. As a result, coffee producers usually have little trust in the government and non-governmental organizations vis a vis their commitments.
- There are coffee projects that do not take into consideration local cultures or indigenous traditions. Sometimes projects are started that do not coincide with the local way of life.
- There are political and religious factions within communities, which eventually lead to problems within the organization. This is especially true in the state of Chiapas.
- Both local intermediaries (coyotes) and large national and transnational companies yield enough power to influence politicians to get support for their business interests.

3.1 Coffee Marketing

Vulnerability

- The Mexican coffee producing sector is completely dependent on international price fluctuations and international consumer demand.
- National coffee consumption is very low.
- Mexican coffee must compete with coffee that uses much cheaper labour and more technically advanced production.
- Producers cannot rely on the sustainable coffee market if there is no direct contact with North American buyers.

Quality

- Large companies like Nestlé import low-grade coffee into Mexico.
- A high quality coffee consumer culture simply does not exist.

- Mexican coffee is not world renowned.
- When coyotes buy coffee from villages, both high and low quality coffee are mixed together resulting in inferior quality coffee.
- In some areas a lack of expertise leads to technical problems in production and adequate processing to produce good quality coffee.
- Coffee planted at a low altitude is unsuitable for producing quality coffee.
- Processing for export-quality coffee is expensive. Many organizations do not have the financial means for this type of investment.

Insufficient Knowledge

- Insufficient knowledge of North American markets, buyer contacts and a direct selling process for coffee.
- Coffee producers have insufficient knowledge of quality standards for exporting or the necessary administrative steps.
- Lack of information on existing alternatives.
- Lack of information on existing resources.
- Lack of workers in organizations who can speak enough English to set up direct contacts.
- A lack of infrastructure or mechanisms for exchanging information between organizations and producers.
- A lack of organizational training.
- Insufficient knowledge of fundamental rights.
- Insufficient training in administration and marketing in some social organizations.

Credit

- Many producer organizations have problems accessing credit. Interest rates are very high and for this reason, there are cash flow problems for stockpiling coffee.

- Many producers depend on coyotes for credit, which makes it difficult for them to take part in social organizations.
- Information on credit programs from the government does not quite reach the producers. The information is distorted and inaccessible for those who are illiterate or who do not understand the agreement.

Inequality

- Coffee traders and retailers receive higher profits than the producers.
- Some businesses, NGOs and organizations take advantage of small producers.

3.2 Coffee Certification-Level

Insufficient Information

- Producers are not familiar with the different kinds of certification that exist or the inherent advantages and disadvantages of each one.
- Not all of the producers who have obtained certification understand how the process works. Often they don't even know what kind of certification their organization has.
- When discussing shade grown coffee, there is a lack of understanding as to what constitutes shade. As a result, they cannot take advantage of the shade grown cultivation niche.

Complexity

- Certification standards vary from one organization to another and from one market to another. Requirements also vary between different consumer countries. It can be very bureaucratic.
- There are a number of certification companies (In Mexico there are 7 for organic companies, 2 for fair trade coffee and 1 is under way for shade grown coffee). This is very confusing for producers.

- For many producer organizations, steps in the certification process are complicated and bureaucratic. The applications are problematic in that interpreting certain criteria is difficult.
- Often between the three certification models, many criteria and inspection stages are repeated twice and sometimes three times.
- A system or process that fosters producer involvement with the aim of consolidating sustainable, organic, and shade grown coffee under one fair trade umbrella group does not exist.

High Cost and Accessibility

- In addition to fair trade certification, producers must pay to get organic certification. In other words, they must pay to prove that their growing methods are sustainable.
- The majority of coffee certification in Mexico is done through foreign companies, which increases logistical and communication costs (inspectors' travel costs, translations, telephones, fax, etc.).
- In order to be recognized in different markets, some producers must pay for two or three different certifications.
- Producers must wait a few years before receiving a premium for organic coffee.
- Sometimes not all coffee can be sold with the organic premium, even though they have paid for the certification process.
- The premium is not very high when all the required work is taken into account.
- Producers do not want to pay if the market is not a sure thing. An investment in the first couple years is required.
- Not all producers can benefit from the fair market practices. This niche is not open to coffee estates.

Credibility

- Fair market certification is very popular when prices on the stock exchange are low. However, when prices are high for conventional coffee, producers are more likely to abandon their coop and sell through local intermediaries, saving the time they have to invest in the coop.
- Some organic certification models are not as strict as others and for this reason, they don't have the same credibility.

- Some producers don't trust "friendly" coffee and so allow the use of pesticides on their crops. Not only is it important to be concerned for the biodiversity of forests and birds, but also for biodiversity of the soil and the quality of life for coffee producers, they say.
- Certification models come from consumer countries, which represent a new colonialism and impose new values.
- There are many differences between those who create models and those who use them in the countryside. There is a huge gap between theory and practice.

Promoting

- There is a lack of promotional material in easy to understand language that offers instruction on available certification methods for producers. It is necessary to teach people about regulations.
- A way must be found to spread information so that more than one or two people in the organization understand the process.
- Certification processes should be promoted at the national level.

Lack of Resources

- Certification agencies lack resources to carry out its work effectively.
- There is a lack of financial resources.
- More inspectors are needed.

4. The Mexican Coffee Sector: Pros

- Has comparative advantages in sustainable coffee niches to meet the demands of northern markets.
- Produces a considerable quantity of quality coffee that comes from small producers who respect the environment.
- Is a pioneer in the production of organic coffee and fair trade.

- No investments have been made in technologies for plantations – this is the reason for forest preservation and great biodiversity as well as natural shade in the coffee growing regions.
- Depends on adequate climactic and topographical conditions to produce high quality coffee.
- The market sector for quality coffee consumers is growing.
- Local certification for organic and fair trade coffee is developing.
- There is a lot of expertise in the sustainable coffee sector in Mexico.

5. Strategies for Greater Sustainability

5.1 General Strategies

Organization and Cooperation

- Make it easier to form coffee producing unions in order to strengthen its negotiating power at the local, regional and national level.¹
- Create a Mexican association to develop sustainable coffee that is comparable to the Colombian association for conventional coffee.
- Share experiences with organizations that take part in the process from production to the market place.
- Create alliances between coffee producers, NGOs, certifying associations and government agencies to develop sustainable coffee both at the national and international level with the goal of circulating information, sharing experiences, making promotion easier, etc.

Consolidation

- Strengthening existing organizations at the production, certification and marketing level.
- Consolidating national certification initiatives.

¹ According to the Mexican Coffee Board, 57% of producers do not belong to any peasant organization (Consejo Mexicano del Café A.C., Programa Café 1995-2000. July 2000).

Training

- Disseminate cultivation experiences and sustainable coffee marketing within communities and between organizations.
- Develop training programs between social organizations. Small farmers supporting other small farmers.
- Offer training for sustainable production techniques, quality control and certification.
- Offer producers training to facilitate the transition from conventional to organic coffee in order to diversify shade grown cultivation so that they can benefit from fair trade.
- Facilitate the circulation of information on resources and existing programs.
- Train producers to promote diversification, especially in areas in lower altitudes where the quality is lower.

Make it Easier to Obtain Credit

- Eliminate the existing dependency of small producers on coyotes. Make it easier to obtain credit with low interest.

Promotion

- Start a national and international campaign for sustainable Mexican coffee. Promote the existing certification seals.
- Adopt a strategy to improve the quality and not the quantity.
- Create alliances with organizations in countries that import to promote Mexican sustainable coffee.
- Promote the importance of the forests and indigenous diversity in coffee regions.

Democratization

- Simplify the certification processes and reduce the costs to make them more accessible to producers.
- Increase the transparency of governmental and non-governmental organizations.
- Make it possible for women to participate in decision-making, particularly in projects that affect them directly.
- Implement consulting and development processes that are modelled after indigenous traditions.
- Implement structures that better reflect the producers' reality.

5.2 Strategies at the Producer Organization Level

- Improve the dissemination and exchange of information.
- Strengthen the CNOC as a key national player representing small producers.
- Avoid political or religious divisions.
- Establish a dialogue between both large and small producer organizations.
- Improve training.

5.3 Strategies at the NGO-level

- Promote research and market development in Mexico and northern markets.
- Make it easier to disseminate information without business involvement.
- Work closely with producers and take on a supportive role in assisting them with training, information dissemination, awareness and education. Coordinate efforts between NGOs and alliances to create a civil movement.

- Maintain a neutral role without economic or political interest. Do not use tactics similar to coyotes or act as a company with producers.
- Understand the reality of rural life and avoid paternalism.
- Develop long-term projects and strategies.

5.4 Strategies at the Roasting- and Trading-Levels

- Promote the purchase of sustainable Mexican coffee at a fair price.
- Develop long-term relationships based on trust with producers. Encourage a shared vision of business partnerships with them.
- Support a training program to improve quality and gain a better understanding of the reality of northern markets.
- Promote the acceptance of fair pricing.
- Promote early harvest financing.
- In the definition of quality include aspects of environmental and social justice.
- Improve information passed on to consumers and promote sustainable coffee.
- Disseminate information on northern markets.
- Develop marketing mechanisms to make it easier to introduce sustainable coffee to the markets.
- Break away from paternalism.
- Distribute profits fairly to key players in coffee production and marketing.
- Cooperate with certification organizations and NGOs to create consumer awareness.

5.5 Strategies at the Government-Level

- Develop an integrated vision based on a clear and participatory plan.

- Implement support programs in rural areas in cooperation with interested local groups that reflect the need and cultural diversity of each area. Avoid a paternal attitude. Eliminate giving money or chemical products that create dependency. Legislate sweeping reforms.
- Support the development of a sustainable coffee market both in Mexico and internationally.
- Do not intervene on the business-side.
- Organize a promotional campaign for sustainable coffee in Mexico similar to the one in Colombia. Promote Mexico's advantages in producing and promoting sustainable quality coffee.
- Reduce the bureaucracy in existing government agencies and organizations.
- Support basic initiatives as well as social groups for technical training in credit and promotion.
- Facilitate certification work at the national level.
- Continue the process of promoting a democratic culture and fighting corruption.
- Change the law that authorizes the use of the term "100% pure coffee" when 30% of its content is not coffee at all.
- Do not be influenced by multinational companies.
- Do not permit low quality coffee imports.
- Change the existing biased relationship between large plantation owners and the government.
- Support diversification in low-lying areas.
- Support producers work in the area of conservation.
- Emphasize quality and not the quantity of Mexican coffee.

5.6 Strategies at the Commission for Environmental Cooperation (CEC)

- The CEC must use its neutral and privileged position that it was granted to facilitate cooperation between key players in Mexico, Canada and the US, and to establish a cooperative structure to develop sustainable coffee in North America.
- Have key players in the three countries work together to develop a vision and establish clear objectives in a long-term concrete plan of action.
- Set up a fund to assist concrete cooperative projects between the base organizations in the three countries. Organize exchange programs between organizations from the three countries.
- Take on the duty of surveillance and reinforce the credibility of the certification initiatives.
- Use investigations, studies and documents to promote initiatives.
- Promote political interaction between government officials and civil organizations.
- Support certification initiatives.

6. Brainstorming for Ideas on Concrete Projects

- Establish an **alliance** or network, initially at the national-level and then with other key players from Canada and the United States. This alliance or network could be used as the means for disseminating information among all parties involved for establishing a common initiative. It could also serve as the means for obtaining funding for projects and wider reaching collaborative efforts both at the production and the promotion-levels.
- Construct a common **Web site** to provide a forum for sustainable coffee organizations to exchange information.
- Clarify the functions of each organization and define how to **optimize its activities**.
- Organize a **promotion and awareness campaign** to create demand in the markets of the three countries.

- Jointly produce **information** on the different types of sustainable Mexican coffee. It is possible to produce a portfolio of information for training producers and buyers.
- Offer a **translation** service to facilitate dialogue between the organizations.
- Organize **exchange** projects between producers and buyers. The producers could receive information from the buyers and vice versa.
- Carry out a **study** to determine which organizations are eligible for the **three different types** of certifications and which requirements others are lacking.
- Develop mechanisms to **facilitate the transition** and identify the necessary steps to implement better production and marketing means.
- Start up an **exchange program between producer organizations**.
- Develop **ecotourism** in shade growing regions.
- Develop a **credit** program.
- Develop a program to support the **diversification** of organic shade growing. In doing so, dependency on coffee is reduced and alternatives are developed in the low-lying areas.

Appendix 2:**Letter Sent to Canadian and American Roasters and Importers**

Montreal, 11 December 2001

Dear*****,

The International Development Research Centre (IDRC) and the Eco-Research Chair of Environmental Law and Policy/POLIS are simultaneously and concurrently conducting independent research on the topic of sustainable coffee in North America.* Although the two projects are independent and address slightly different themes in the sustainable coffee sector, they nevertheless share the following key objectives:

1. To identify existing barriers to the penetration of sustainable coffee into the mainstream North American coffee market, and;
2. To identify concrete recommendations for the sustainable coffee sector and government to aid sustainable coffee in attaining higher levels of market share

As leaders in the coffee industry, we value your opinions on the future of sustainable coffee. The ultimate aim of this research is to make sustainable coffee alternatives a more feasible option for ALL players in the coffee industry. **Your help in completing the enclosed questionnaire is thus essential to our being able to assess the needs of industry vis-à-vis sustainable coffee—something which has often been overlooked in this burgeoning sector.** Through this survey we hope to learn:

1. Whether existing sustainable coffee certification initiatives are useful concepts for your business.
2. How such initiatives might be improved in order to make them more relevant to your business.
3. How your business defines sustainable coffee.

Therefore, regardless of whether you are or are not currently trading sustainable coffee products, we view your input as crucial to the success of our research.

*For the purposes of our research we have defined sustainable coffee as coffee which is produced under one or more of the following conditions: 1. Fair Trade 2. Organic 3. Shade grown. For more information on these initiatives please see appended pages.

We ask that you look over and complete the attached survey to the best of your ability over the next week. Once you have done this, we will follow-up with a phone call to review your responses in person in order to ensure that we fully understand your answers. Please be advised that although the results of this research will be published, the responses will remain entirely anonymous in order to protect your confidentiality. We will, of course, provide you with the published results of our research at the end of the study.

We thank you sincerely for your consideration,

Jason Potts
Trade, Employment and Competitiveness Program
International Development Research Centre
Ottawa, ON
(613) 236-6163 x2227

Laure Waridel
MA Candidate under
the Eco-Research Chair
of Environmental Law
and Policy/POLIS
Montreal, Québec
(514) 273-0047

NB: Please Note that Équiterre (a Montreal not-for-profit group) in the research will be providing advice on a consultative basis to the IDRC research project. Équiterre may also sponsor or cosponsor publication of the research but will under no circumstances have access to actual survey results (confidentiality will be retained within IDRC).

General Information on Sustainable Coffee Initiatives

Fair trade

Fair trade began in the 1960's through development projects initiated by OXFAM in the UK and the Netherlands with the aim of helping developing country producers in obtain improved returns for their goods amidst decreasing terms of trade and extreme volatility in commodities markets. The fair trade system attempts to do this by offering direct market access and a fixed minimum price to producers in developing countries that are associated with the fair trade system. In order to be certified as fair trade, coffee must be purchased from a licensed importer who purchases coffee according to fixed terms. For example, all coffee to be certified must be:

1. Produced by a producer organisation on the FLO registry (There are currently over 300 producer organisations on the registry located in 18 countries).
2. Purchased at a minimum fixed price of \$1.26 (US) per lb (washed arabica coffee).

In addition importers must commit to providing:

1. Access to credit at reasonable interest rates if so requested and
2. A long-term relationship with identified producer organisations on the registry.

In order to have the right to put the fair trade logo on a product, a company must become a licensee through the company's respective national certification body (Transfair USA in US and Transfair Canada in Canada). As a condition of being a licensee, the company using the fair trade certification mark must submit to having their books reviewed annually by an independent auditor as well as on site inspections of the premises.

Organic

Although there is wide variety of specific definitions in use for the term "organic," there has, with the growth of organic certification, been a trend towards the harmonisation of standards throughout the world.. Generally, in order to be certified as organic, the item in question must be produced without the use of chemical fertilisers, pesticides or insecticides. Producers must also:

1. Follow strict resource management practices in regards to watershed and soil protection, among others
2. Maintain farm/processor history and documentation and
3. Adhere to specific crop culture practices.

Currently it is estimated that there are about 205,000 hectares devoted to certified organic coffee production throughout the world. Of this an estimated 85% comes from Latin America and 45% from Mexico alone. As with other certification systems, eligibility for the production of certified products requires submission to an auditing system administered by the certifying body that usually requires access to books and property for the purpose of verifying compliance with certification standards.

Shade Grown

Shade grown coffee has only recently been developed as an identifiable commercial product over the past ten years in an effort to preserve bio-diversity in coffee growing regions. Much of the momentum behind the development of the shade coffee industry comes from the support of those interested in protecting bird habitats since it has been observed that over 150 different species of birds depend upon the forest canopies covering existing shade coffee plantations. Currently the Smithsonian Migratory Bird Center and Conservation Agriculture Network – Rainforest Alliance (ECO-OK) are the primary organisations involved in the certification of shade grown coffee. In order for a coffee product to be certified by one of these organisations as shade grown, the coffee must be produced under shade conditions (generally a minimum of 40% shade coverage) with other requirements covering forest type and plant diversity. As a rule the shade criteria do not cover social conditions or require that products be produced without pesticides (although the ECO OK criteria do require some guarantees related to both of these areas).

General information on sustainable coffee

For more detailed information on the criteria for each of these initiatives please see:

1. CEC Sustainable coffee database: A search-able database with access to the criteria of the most important sustainable coffee initiatives

<http://www.cec.org/databases/certifications/Cecdata/index.cfm?websiteID=6>

2. Transfair Canada and Transfair USA websites: A website with information and links to information on Fair Trade coffee and other products.

<http://www.transfair.ca>

<http://www.transfairusa.org>

3. The Rainforest Alliance's ECO OK certification page: This page provides more specific data on criteria on coffee certification (as well as certification for other products) under the ECO OK label.

<http://www.rainforest-alliance.org/programs/cap/get-certified.html>

4. Smithsonian Migratory Bird Center's coffee page: Contains complete information on the SMBC's coffee program including certification criteria.

<http://natzoo.si.edu/smbc/Research/Coffee/coffee.htm>

5. The Organic Crop Improvement Association's document page: provides information on certification criteria and links to other related sites.

<http://www.ocia.org/docs.html> and <http://www.ifoam.org>

Attended Events

World Trade Organization (WTO) Millennium Round

Participation in educational events and media events

Seattle, USA

November 28-December 2, 1999

Experts' Workshop on Mexican Shade-Grown Coffee

Organized by the Commission for Environmental Cooperation (CEC)

Oaxaca, Mexico

29-30 March 2000

Speciality Coffee Association of America Annual Meeting

Organised by the Speciality Coffee Association of America (SCAA)

San Francisco, USA

14-18 April 2000

Reunión de trabajo del Comité de estándares generales

Organized by Comercio Justo México, A.C./ Sello Mexicano de

Comercio Justo, A.C. jointly with Falls Brook Centre

Oaxaca, Mexico

14-15 November 2000

3era. Reunión sobre Normas de Certificación del Café Sustentable México

Organized by Pronatura Chiapas, IDESMAC and Certimex

San Cristóbal de las Casas, Mexico

19 February 2001

Cafetocultura Sustentable en Mexico

Organized by Pronatura Chiapas, A.C., the Commission for

Environmental Cooperation (CEC) and IDESMAC

San Cristóbal de las Casas, Mexico

20-22 February 2001

Second People's Summit of the Americas

Organized by the Réseau Québécois sur l'Intégration Continentale

Québec City

16-21 April 2001

Colloque International Francophonie et développement durable: Quels enjeux, quelles priorités pour l'horizon 2012?

Organized by the Agence Intergouvernementale de la Francophonie

Dakar, Senegal 11-13 March 2002

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 Ethical Trading Initiative (ETI): www.ethicaltrade.org
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 Food First/Institute for Food & Development Policy: www.foodfirst.org
 Friends of the Earth: www.foe.org
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 International Coffee Organization: www.ico.org
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 Rainforest Action Network: www.ran.org

Shared interest: www.shared-interest.com

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Social Investment: www.socialinvestment.ca

Smithsonian Migratory Bird Centre (shade certification):

www.si.edu/resource/faq/nmnh/ecology.htm

Speciality Coffee Association of America (SCAA): www.scaa.org

Sustainable Harvest: www.sustainableharvest.com

Third World Network: www.twinside.org.sg

Ten Thousand Villages: www.villages.ca

Transfair Canada (fair trade certification): www.web.net/fairtrade

Transfair USA (fair trade certification): www.transfairusa.org

United Nations Conference on Trade and Development (UNCTAD):

www.unctad.org/

United Nations Development Program (UNDP): www.undp.org

Vita

Surname: Waridel

Given Name: Laure

Place of Birth: Vevey, Vaud, Switzerland

Educational Institutions Attended:

University Victoria 1999-2002

Université du Québec à Montréal (UQAM) 1996-97

McGill University 1993-96

Honours and Awards

The quality of my involvement in defending environmental and social justice issues has been publicly recognised at various occasions by different organizations and the media: CÉGEP Lionel-Groulx (1994); Recto-Verso (1999); Environnement Jeunesse (2001); La Presse (2001-2002); Centrale des Syndicats du Québec, CSQ (2002); Coup de Pouce (2002); and Bio-Bulle 2002.

Eco-Research Chair of Environmental Law and Policy, Fellowship, University of Victoria, 1999.

Publications

Books

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Sustainable Trade:
The Case of Coffee in North America

Author:



Laure Waridel
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