

Analysis and positioning of fair trade and its strategies: a review of the literature

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Introduction

In the context of a globalized world and motivated by business competition, the food industry responds with the search for factors of production at low prices, especially in countries with little regulation.

This, together with the concentration of distribution in the large supermarket chains, has allowed the transnationals to strengthen their position in the market (Renard, 1999). By monopolizing the market, large companies leave little room for action to small producers, most of whom end up selling their products at low prices and are generally unable to cover production costs. For example, in 2002, an average producer in Latin America received US\$30 per quintal of coffee. This same quantity, once transformed and packaged, is sold by transnationals for 640 US dollars (SAGARPA, 2001). In this way, a product such as coffee is both a source of wealth for a few companies and a source of misery for those who depend on its production. In the same way, the transformation and commercialization chain is dominated by large companies, which prevents small producers from being able to increase the value attached to the raw material and thus be able to keep a part of the profit. This means that the added value given by a transformed and/or packaged product remains in the hands of those who have the means.

Coffee and fair trade

As can be seen, the current agrifood industry hinders the economic performance of small producers. However, the social contradictions arising from the exploitation of labour, the exclusion of the first link in the production chain, the distortion of prices and the loss of quality in the struggle to lower prices have led to another type of production and distribution more convenient for producers, which takes into account not only economic but also social and environmental values. On this basis, a viable response began to forge a few decades ago through an alternative type of trade, fair trade, which is announced as a possibility to create direct links between agricultural producers in countries of the South and consumers, most of whom are in industrialized countries. Later we will explain in detail the roots, principles and effects of fair trade suggested so far. At the moment we only announce that this project opens a range of options both to those who work the field in small plots and to the owners of micro enterprises of transformation and sale of basic products.

The literature review presented in this document corresponds to a preliminary stage of a research project. Our aim is to show, in the first instance, both the advantages of fair trade in the context set out above, and the factors that open up opportunities for small producers. Next, we will look at the role of consumers in the North as a counterpart to fair trade. Thirdly, we will present various strategies for inserting "fair" products into the market, especially fair coffee, as well as the criteria to be taken into account in order to create a particular niche in the market. Finally, we will expose the role that fair trade plays as an engine of local development, as well as some of the challenges it faces, from the point of view of some coffee producers. It should be noted that while fair trade covers a range of products, our study is based on coffee, as it is the best-known product on the market.

I. Traditional trade and fair trade

According to Renard (1999), the structure of traditional trade is characterized by three factors: the interrelation of products and services in a series of value-added activities; the spatial and organizational as well as territorial configuration of the companies that make up the production and marketing network; the power relationship or governance structure that determines the location of resources in the production chain[2]. This approach can be reinforced by the contribution of factors arising from other approaches, such as the cultural approach, which takes into account elements such as consumption habits and the degree of awareness of consumers themselves regarding the situation of producers in the South and solidarity, among others, or the theory of conventions. According to Renard (2003), this theory is based on quality as a fundamental concept in the analysis of economic life. With these factors we try to take into account the different facets of consumerism, be they symbolic, discursive, conventional, etc.

Renard (1999) also presents another concept of traditional trade, that of substitutes. The use of ingredients of industrial origin in food in order to accentuate taste tends to decrease the use of products of natural origin. Thus, the definition of food becomes more industrial than agricultural, where the consumer identification process is done through a brand and not by the origin of the product. This process tends to condition the very existence of small agricultural producers who, when they see the demand for their products being reduced as opposed to substitutes[3], find few survival options: from conversion to artisanal or organic agriculture to the abandonment of production, for those who lack the means of transformation. The first option has been taken up by some producers in developing countries, who have complemented organic production with democratic union and organization.

The conversion process would obviously remain incomplete without the support and promotion of other bodies, mostly national or international non-governmental organisations (NGOs), which have taken fair trade as a platform for action within their development aid programmes. This implies that such organisations promote conscious consumption by the population, as is the case with fairly traded products. Sometimes they even establish direct trade links between producers and consumers, as is the case of Équita, which is part of Oxfam-Québec. NGO participation will be discussed below.

The fair trade movement has had an important growth in recent years, partly thanks to the influence of academics such as Marie-Cristine Renard or the Colostate research group in the United States, among others, who have focused on the dissemination of fair trade as an alternative to traditional trade and as a possible solution to extreme poverty;[4] cultural associations, especially in producer countries; social organizations and NGOs.

1.1 The origins of fair trade

Fair trade, as we know it today, stems from the desire to put into practice the ideal of raw material producing countries: trade, no aid (trade, not aide), a concept that emerged within the United Nations Commission for Trade and Development (UNCTAD) in the 1960s. As early as 1967 an organization called S.O.S. Wereldhandel began importing handicrafts from developing countries and selling them through catalogues, churches and solidarity groups. The opening of branches in Germany, Austria, Switzerland and Belgium led to the formation of Independent National Organisations (NIOs). In 1973, the first fair trade coffee, imported from cooperatives in Guatemala, was launched. However, it was not until 1988 that the first fair trade mark[5] was introduced in the Netherlands under the name Max Havelaar. This fact originated the later creation of other movement stamps for products other than coffee in ten European countries. The fair trade has its origins in Europe, where the market has more expansion at present. Countries such as the United States and Canada are barely making inroads into this concept.

The basic criteria of the movement - the establishment of a direct relationship between producers and consumers, avoiding, as far as possible, intermediaries and speculators; the practice of a fair and stable price that allows the producer and his family to live with dignity; the authorization of partial financing before the harvest (close to 60 percent), if producers so request (Pérez-Grovas n/a) and the establishment of long-term contracts, based on mutual

respect and respect for ethical values - are intended not only to establish a price that is sufficient to live in dignity, but also to create the conditions for the sustainable development of groups of producers or employees.

This initiative is part of the social movements that oppose globalization, while at the same time emphasizing the living conditions of producers in the South, values of equality, intercultural connections and solidarity. Equally, fair trade is a factor of commercial transparency. That is, since the importers buy the product directly under the established criteria, the payment received by the producers is higher and the money is not lost in the pockets of the intermediaries. Consumers also know where the product they are consuming comes from, ensuring that environmental degradation and unfavourable working conditions are avoided. In this way, fair trade can be defined from two perspectives: as a tool to change the economic model that tends to correct the faults of the current capitalist system, or as a mechanism for insertion of products from the South in the markets of the North, in a situation of equity.

However, you subtracted the influence of the great economic theories which are based on the "optimal" balance of the use of factors and the establishment of a price accordingly. Thus, there are those who minimize the benefits of the alternative market and pretend to demonstrate that the overprice or premium[6] that is given to producers is not "optimal", economically speaking (Yanchus and Vanssay 2003). In this sense, it is necessary to consider that, precisely, fair trade is opposed to orthodox interpretations of the economy, where the human factor plays a secondary role and where efficiency is imposed on justice. In this case, the prices that are set are based on the notion of equity and on the idea that income should outweigh costs. In this way, fair trade contributes to the debate on the validity of current economic models, based on neoliberalism, as well as their capacity to generate wealth and be a source of redistribution of economic benefits. The role that fair trade plays will then depend on the approach that is given to it, either as a parallel market and to some extent marginal, or as a new form of bonding that tends to become a general rule.

1.2 The role of consumers

As we have seen, fair trade creates a more "humane" trade by placing the emphasis on personal relationships and taking the equation.

as a base value. At the same time, it contributes to the transformation of North-South relations through a local-global approach. This implies the revocation of the bonds of domination on the part of the industrialized countries over the developing countries. It also strengthens the bonds of solidarity and promotes a deeper understanding of the life circumstances of both parties. Indeed, consumers in the North approach the production process in the South by obtaining a product with a history, which comes directly from the hands of the farmer. On the other hand, producers in the South are more aware of the needs of consumers and this forces them to improve the quality of their production. Quality improvement and the establishment of direct trade channels have strengthened the autonomy of producer groups, who are no longer dependent on local buyers (coyotes) or on marketing and distribution channels whether private or local, state or federal government. In the same way, producers have realized the advantages of union in cooperatives. All this adds up as a force that challenges the power of transnationals, seeking to transform "anonymous" products into products full of history, marketed through alternate routes, such as specialty stores or through recognition of characteristic seals (Max Havelaar). Thus, being a parallel market, it is capable of re-establishing the supremacy of social relations over the capitalist sphere, above all because it is capable of reconfiguring the commercial chain around the idea of justice, within its limits (Raynolds 2002).

Once consumers recognise the social, economic and ecological benefits of fair trade, thanks to the awareness-raising and promotional efforts of civil society groups, they tend to participate in the network, either by being directly involved in promotional and even marketing activities or as responsible consumers. Some authors, such as Serge Latouche (2000), promote participation in fair trade as a form of protest, of "political consumerism" and even

as a form of voting. This vote manifests itself against the submission and marginalization of small producers and goes against the products marketed by the big transnationals. Thus, a commercial exchange is promoted under another code of values. For Latouche, the consumer is a citizen who must claim his supremacy and defend his right to know the origin of what he buys. In this way, the individual is at the heart of this movement that encourages solidarity between producers and consumers, not only at the international level, but also at the national and regional levels.

There are also a number of studies, such as those by Reynolds (2000 and 2002), which show that fair trade serves as a meeting point between a sector of the population convinced of the need to pay a fair price to producers in the South and the producers themselves. However, in order for this to be achieved to the fullest extent, the movement needs to be made known to potential consumers. There is a point of conflict in this regard and the question revolves around the means that should be used to reach a wider audience without falling into the means used by the conventional market. However, whatever the information channel, civil society does not fail to play a crucial role.

1.3 The role of NGOs as promoters of fair trade

Non-governmental organizations, as civil interest groups, play a key role in the promotion of fair trade and in the process of sensitizing the average consumer[7].

To illustrate this case I will use two examples, one at the international level, Équiterre, and the other at the national level in Mexico, Vinculación y Comunicación Social.

Equiterre

Équiterre is an organization focused on environmental protection and socially just citizen actions. Its members maintain four programmes: organic agriculture, ecological transport, energy saving and fair trade. Equiterre, unlike Oxfam-Québec, is not involved in the marketing process. Its main line of action is based on the promotion of fair trade as a development tool and on consumer awareness. Its fair trade program pursues the goal of improving public understanding of its fundamentals.

Since 1996, this NGO has been carrying out a series of activities such as information kiosks, conferences, training of volunteers and dissemination through exhibitions, such as the one that took place in various parts of Québec in 1998, called Visages Café. They have also produced and printed a series of books, documents and information leaflets that seek to disseminate fair trade products, as well as their basic criteria. To give an example, Laure Waridel's book *Une cause café*, which has been translated into both English and Spanish, serves as the basis for understanding the fair coffee process. They also produced a video entitled *Utopie Caféinée*, which has been widely distributed in high schools.

Finally, Equiterre has carried out joint programs with cooperatives in Mexico, such as the Coordinadora Estatal de Productores de Café de Oaxaca (CEPCO), where some young Canadians do professional internships in the cooperative. Similarly, two CEPCO members stayed in Québec for a season. They also participated in the fair trade forum in Cancún in 2003, and in February this year launched a new campaign to promote responsible consumption alongside Oxfam-Québec and the Confederation of National Trade Unions of Québec. With this campaign, the workers of the union were able to drink only fair coffee.[8]

Vinculación y Comunicación Social

It is a nonprofit organization that is also kept outside the marketing process. Its purpose is to stimulate the strengthening of ties between farmers, private companies and the final consumer. To achieve this, they promote the values and practices of responsible consumption, as well as fair trade and organic production, these being their

three primary objectives. Linking and social communication starts from the premise that there is no real fair trade without consumer awareness. Part of their outreach strategy is to visit universities, where young people tend to be more receptive to new ideas. In the same way, they maintain relations with other actors both at national and international level, in order to make their activities known. They also maintain an open space on their website in order to create a forum for discussion and exchange of ideas.

In the field of application of ideas, work to link groups of small producers in general, not just coffee. Its field of action goes beyond products that are certified or that are within a precise regulation of fair trade. Currently, the only regulated product in Mexico is coffee. However, this organization goes beyond orthodoxy in order to benefit a larger number of small organized producers and seek a wider market for them. For example, producers include people who work with oregano, jamaica flower, tamarind, peanut, sesame, pepper, pepper oil, etc. These products are in the same situation as coffee, there are intermediaries for them and prices fluctuate. Its idea of fair trade is to help producers improve their standard of living, without having to limit themselves for reasons of regulations or certifications.[9]

1.4 Quality as a central factor in fair trade products

The emergence of a collective consciousness in a sector of the population, basically in the countries of the North, has opened a particular space for the alternative market. Thus, with fair trade, importers take advantage of this interstice in order to access the market under favourable conditions (Renard 1999). This new niche ensures more transparent business relationships, which in turn challenge traditional market competition based primarily on price. In the same way, fair trade allows small roasters from both the North and the South to find their own space in a market dominated by large coffee processing companies. This niche is guaranteed by the offer of a high quality organic coffee[10] that offers a story about the small coffee growers of the South.

On the other hand, in a world where quality criteria are gradually lost while the conscious consumer seeks to be better informed, as well as a fair relationship between price and quality, fair trade recovers these criteria as a reference. Thus, the price is no longer a single factor with respect to the consumption decision, and quality is therefore a fundamental factor. Thus, in the context of fair trade, quality contributes to the coordination of the socio-economic activity of consumers and producers, through five conventions (Renard, 2003): trade conventions, based on price; national conventions, based on trust and traditional or territorial roots; industrial conventions, based on efficiency and standardization; public conventions, based on recognized brands; and civic conventions, based on the evaluation of social benefits. The latter convention also includes civil coordination, which is based on consumers' adherence to a series of collective principles. The analysis of Renard's conventions makes it possible to accentuate the commitment of the actors with regard to the construction of quality rules in the commercial chain.

Fair Trade, for its part, uses a combination of these conventions, but emphasizes personal relationships of trust, global responsibility, and standardized certification by organizations such as the Fair Trade Labelling Organization (FLO). Fair coffee, for example, belongs to a category that is distinguished by its high quality, its distinctive taste and its regional, social or ecological origin. On the other hand, quality is controlled by importers and marketers, who try to offer a good product to the average consumer and a fair product to the conscious consumer. In this way, relations are kept healthy while a higher price can be demanded (Pérez-Grovas n/f).

1.5 Market insertion strategy and debates

The inclusion of new coffee brands in the market is a complicated matter, mainly due to the dominance exercised by the large transnationals. These companies determine both price and market trends and do not favor the entry of small roasting businesses, most of which are located in the North. The only margin of action that the latter have is through specialty coffee, which is understood as gourmet coffee and is mostly organic. However, there is a debate about the best strategies for inserting fair coffee, which is part of specialty coffee. The critical point is with regard

to the participation of transnational companies such as Nestlé or Starbucks in fair trade. That is, to what extent they should be allowed to be part of the network and use both the term and the seal on their products. In addition, since the conventional coffee market is reaching a saturation point, these companies are looking for new outlets, such as specialty coffee, whose demand is expanding (Giavannucci 2001). There are some authors, such as Nicholls (2002), who affirm that the participation of transnationals in fair trade can serve as an example of social responsibility, while at the same time seeking a new commercial opportunity aimed at the sensitive public. In this way, it will also be possible to use the existing commercial structure in order to enter the market. It would only be necessary to use the certification and labelling system so that products of well-known brands could circulate under this system. The challenge would then be to maintain the essence of fair trade using the same means as conventional products. However, being a movement that goes against the dominance of the transnationals in the primary products market, the entry of the latter becomes very conflictive. As we will see below, this is an important debate among the supporters of fair trade.

Some authors, such as Latouche (2000) and Reynolds (2002), argue that the involvement of large corporations is not the ultimate goal of fair trade. If their participation were accepted, it would have to be ensured that the entire marketing and distribution chain could be certified. That is to say, that the commercial centers of distribution also respect the same principles, supposing that some organism had the capacity to carry out this certification. On the other hand, it is also important to ensure that neither large companies nor supermarket chains take over the monopoly. The risk is that the strategy is to eliminate competition from small shops and coffee processors on a smaller scale. One could then return to conventional practices once large companies have already been able to take advantage of the circumstance to have greater profits and "clean up" their image. In this way, fair trade could lose its credibility and producers in developing countries would run the risk of returning to old exploitative practices. To date, the conflict remains unanswered. In Canada, for example, we have both perceptions and both alternate routes, such as specialized boutiques, and strategies for insertion into the conventional market, such as Oxfam-Québec coffee, which can be found in the supermarket.

On the other hand, allowing a marginal space for fair trade calls into question the functioning of the capitalist system and its failures. Indeed, the system that dominates international trade has been highly unfavourable not only for small-scale raw material producers, but also for small enterprises that

are looking for their own space. In this sense, a confrontation between alternative and neo-liberal markets is practically inevitable. Perna (2000) predicts a weakening of neo-liberalism due to the damages caused by the free market, such as the fragility of social structures. Civil society therefore tends to favour market regulation. This is demonstrated, according to the author, thanks to the constant demonstrations in the different points of the planet, against deterioration of the environment, for example. Furthermore, according to the author, since the 18th century history has shown that each period of liberalisation corresponds to a period of regulation. In this sense, it is relatively easy to predict a wave of regulations that attempt to control financial turbulence and the actions of large companies, among others.

As a result, fair trade organisations find themselves at a crossroads where they must decide whether to remain "pure" and marginal or whether to align themselves with large distributors. Moreover, since it is a priority for producers in the South to increase sales within the alternative network, this necessarily implies the expansion of marketing circuits, under the constant risk of being absorbed by the traditional market. Renard (2003), for example, points out that if the basic idea is to help producers in the South as much as possible, any strategy that limits market access becomes contradictory. On the other hand, it is important to recognize that fair coffee consumption does not grow at the same rate as production. Thus, in many cases, small producers end up selling their coffee on the conventional market at low prices, despite being quality coffee, which they are obliged to produce in order to meet the demands of the fair market.

The seal as part of the insertion strategy

Another important point to deal with when it comes to fair trade is the label or seal that is applied to the products, as a culmination of a previous certification process. The label serves as the basis for the introduction of the products into the conventional market. In this sense, it serves as a distinguishing feature. In spite of the problems that labelling may imply, this process is necessary as a guarantee to consumers about the true origin of coffee. Therefore, the certification that gives the seal is important for at least three reasons: it entails the authentication of the product based on the characteristics it claims to have; it allows taking advantage over the demand for socially responsible products and creates multiple objectives (trade, environmental protection and/or social justice) to which the company submits by accepting external verification (Giavannucci 2001).

The expansion of fair trade has accentuated the importance of the label, which in turn justifies the higher price of products. Some people even consider the expansion of labelling as proof of the success and increase in the variety of production. In this way, products can leave specialty stores and be included in department stores and super markets, especially since most people prefer to buy all their food in the same place (Giavannucci 2001). It is interesting to note that Mexico is the pioneer of fair trade when it comes to labelling. The UCIRI cooperative, in the state of Oaxaca, was the first to be "certified" under the Max Havelaar seal (Rozen and Van der Hoff, 2001). In addition, it is the first country to have issued its own label (Comercio justo México) that stimulates the alternative market at the national level[11].

On the other hand, there is a risk of corrupting the meaning of the label by trivialising it. Indeed, the multiplication of labels, several of them with a dubious certification process because each organization handles its own criteria, confuse consumers and erode the legitimacy of the movement. This is currently the case, for example, with organic certification. In this regard, it is necessary to maintain communication with the consumer and to establish permanent information and awareness campaigns. Otherwise, without prior consensus, the meaning of certification may vary for both consumers and producers. If it is difficult for the companies themselves to have all the information about the different organizations that certify and to know for sure what their criteria are (Giavannucci 2001), it is logical that consumers will be even more confused. As for the producer, the growing need to have different seals on his product in order to increase its sales potential, results in a costly process for him, as each certification must be paid for.

There is also a debate on the issue of certification. Some cooperatives involved in the fair trade network see the certification process as another form of consumer domination from the North over the producer from the South. In the case of coffee, for example, since there are already many cooperatives and the market is slowly expanding, organizations like FLO refuse to continue certifying and have been increasing certification costs, provoking general discontent.[12] It is therefore necessary to maintain a transparent system, where producers also have the right to present their concerns and participate in the decision-making process, in order to avoid falling into the same old domination scheme.

In addition, initiatives such as Fair Trade Mexico must be taken into account, which, on the side of Certimex, is responsible for certifying fair trade products in its own country. Although for the moment they only focus on coffee, the possibilities for growth are great. This is the first national seal of its own, which is in the process of being recognized by FLO. The advantages of creating your own national label are many. On the one hand, people tend to identify more with a national certification body than with a foreign body. On the other hand, the costs of certification are considerably lowered as there is no need to pay for the stay of a foreign verifier and the procedures are speeded up. Finally, if you manage to have the same seal for organic production and fair trade, the process is simplified and costs would be lowered even further.

2. Fair trade as a development alternative

We have seen the general functioning of fair trade, as well as its principles and potential. However, although fair

trade stimulates the creation of new production and marketing networks, while stabilizing the market and encouraging development (Raynolds 2002, Perna 2000), the benefits are difficult to measure accurately.

Despite the difficulties, there are some studies and testimonies that highlight the most important benefits and give some clues to follow for more in-depth case studies. In this case, we will base our comments on coffee production.

2.1 Price stability

According to some personal communications with producers, one of the main benefits is price stability, as fair trade handles a fixed price. This system allows members of cooperatives to obtain higher profits for their production. With the premium, or social prize, that is granted, producers can acquire a better infrastructure, above all in order to carry out as much of the coffee transformation as possible, give it a greater added value and store it if necessary. Similarly, this overpricing is sometimes used for local development projects (drinking water, hospitals, schools, women's support programmes, etc.) or to continue promoting the development of organic coffee, as in the case of Majomut (Pérez-Grovas, 2002).

In addition, the certainty that fair trade provides via overpricing, but above all via financing (of course the price is paid prior to the delivery of production if producers so wish) and encourages the bonds of trust between producers and organizations in consumer countries, as well as among the members of the cooperative themselves. In addition, the fact that importers enter into long-term contracts with producers guarantees the latter that at least part of the coffee can be sold.

2.2 Diversification of production

Diversification is one of the main goals of farmers, as is the case of the OTPC cooperative of San Juan Cancuc,[13] since when the producer depends on only one type of crop, his family income becomes more uncertain. Fair trade has allowed, and even encouraged, the harvesting of agricultural products for local consumption. Several of the cooperatives involved in the network have recovered the self-consumption capacity of their producers, as is the case of the Majomut cooperative (Pérez-Grovas 2002). In this sense, parallel production to coffee has allowed families to harvest their own food, with the possibility of selling the surplus. Some have included other export products such as macadamia or certain tropical fruits, as does the OTPC cooperative in San Juan Cancuc. In this way, dependence on a monoculture, in this case on coffee, has been decreasing, while opening new possibilities for producers.

2.3 Protection of the environment

Encouraged by both fair trade and the growing demand for quality coffee, many cooperatives have turned to organic production, such as the Tzotzilotic Tzobolotic Cooperative Society, among others (Martínez, 2002). Growing awareness has enabled both producers and consumers to move towards sustainable agriculture. As far as farmers are concerned, concern about soil degradation has been a constant. Producers are increasingly aware of the negative consequences of the use of chemical fertilizers.[14]

In this way, they have dedicated themselves to the recovery of traditional organic methods, such as shade coffee, which is the most recommended method for the production of organic coffee. Cultivation is done in association with other trees and plants. This helps maintain soil qualities and conserve biodiversity. In addition, the use of hybrid seeds among the members of cooperatives that trade in the fair market has decreased considerably. These farmers have concentrated on recovering the original seeds used by their ancestors. On the other hand, organic coffee sold in fair trade networks receives a higher price, which becomes profitable in terms of cost / benefit (Pérez-Grovas n/f).

2.4 Autonomy

Fair trade allows cooperative members more autonomy. This is achieved because co-operatives must be able to manage and administer their income. The advance payment they receive allows them to control and organize the production process in the way that is most convenient for them and to rely less and less on financing from individuals, intermediaries and even the government. One of the great advantages of severing ties of dependency is that co-operatives remain outside the patronage relationships so fostered by the government (Rice 2001). Initiatives and decisions then depend solely on the members of the co-operative, based on consensus and what they think is best.

2.5 Personal and organisational development

An interesting aspect is the recovery of self-confidence and dignity of agricultural workers. The farmers who work in the fair trade network are often able to raise their income and offer better living conditions to their families. In addition, fair trade networks allow them to have access to the international market (Pérez-Grovas n/f), so they receive greater advantages and have the option of continuing to work the land instead of being forced to emigrate in search of wage-earning work, which moreover, in most cases offers an insufficient wage to have a minimum standard of living.

On the other hand, fair trade encourages bonds of solidarity. Members of co-operatives tend to help each other and share their experience with a view to improving the quality of the production of other organisations. Likewise, the trend is also towards support among the co-operatives themselves. For example, UCIRI, which was the first cooperative in Mexico to become involved in the network, has spread its knowledge and experiences in both the Oaxaca and Chiapas regions. Similarly, some cooperatives in Chiapas such as Majomut and ISMAM have helped others such as Tzotzilotic Tzobolotic to transform their production towards organic agriculture and have become liaisons with organizations in the North to facilitate their entry into the fair market (Pérez-Grovas 2002).

Conclusions

Throughout this text we have presented that fair trade is indeed part of a new form of trade. The prevailing capitalist system has been ineffective in redistributing the corresponding income. The growth of poverty has been constant. Social marginalization, especially in rural areas, is steadily increasing. In this sense, and given the inability of governments and international organizations to propose a solution, civil society has chosen to take control. This occurs mainly in consumer countries. However, this type of movement is beginning to gain strength in producing countries as well. Thus, the creation of solidarity networks favours the growth of fair trade and is part of a framework of collective awareness. While the situation is not without complexity and conflict, fair trade tends to become a viable, albeit small-scale, option for economic, human and social development, while helping to preserve the already fragile ecological balance.

We have also seen that some cooperatives working in the network have been able to improve the living conditions of their members, as shown by studies carried out mainly by Pérez-Grovas. In this way the results, such as the recovery of the environment or the improvement of the quality of life, become palpable, which encourages the prolongation of the movement. The role of civil society is crucial both as a promoter and consumer of fairly traded products. At the end of the day, it represents the engine of fair trade, because without responsible consumption fair trade does not work. In this regard, non-governmental organizations have a great deal of information and dissemination work to do. In some way they are the link that unites producers and consumers, thus guaranteeing the continuity of the movement.

On the other hand, developed countries also make a profit. The fair market offers an insertion option for small

roasters, within a system dominated by large coffee processing and sales companies. While transnational corporations emerge from the North, they do not favor the population as a whole. We have already seen that small coffee roasters in the North find their niche with the help of fair trade. In this sense, the awareness of consumers in the North goes beyond a simple act of charity based on the transfer of money, thus becoming a manifestation of widespread solidarity in appreciating the products exported by small producers. We are therefore talking about a relationship in which all parties involved gain some advantage.

Finally, it is also clear that there are still obstacles to overcome. Since this is a social innovation, the methods are still young and in the process of being perfected. In this way, it is important to maintain good communication between all the actors involved. Producers need to be clear about the rules of their participation in order to know what is expected of them. On the other hand, certification bodies should promote awareness and information campaigns for consumers. While the seal allows product identification, it is necessary to continue to promote other existing forms of trade that do not rest solely on the label.

The challenges of fair trade

Despite the great advantages and possibilities of fair trade, there are a number of challenges that must be overcome, from the point of view of the South. As we have seen, the main obstacle to their full participation is the lack of demand. Despite the efforts made, few cooperatives have managed to sell most of their coffee on the fair market. Cooperatives such as ISMAM, one of the pioneers of the fair market in Chiapas, has only managed to sell a little more than half of its production in each harvest.

On the other hand, a frequent complaint is the lack of sensitivity and competence of the inspectors who decide on certification, as demonstrated by a series of personal communications with the members of several cooperatives in Chiapas. It seems that they are often unaware even of local legal mechanisms or traditional methods of organisation. For example, the Tzotzilotic Tzobolotic cooperative lost certification in 2001 because of a defamation problem and misunderstandings with the FLO inspector, just as it was organizing with Majomut to make its first sale in the alternative market. The same thing happened in the case of the La Selva cooperative. Clearer rules are therefore required regarding

the certification process and a better understanding with inspectors. Some cooperatives have proposed that certification bodies impose a single inspection covering both organic and fair trade. In this way, both criteria can be included in a single label.

Another aspect to be analysed is the process of admission of co-operatives as members of FLO. There are problems with the acceptance process. Some co-operatives gain easier access through the promotion of importers or the influence of other FLO members, while other co-operatives have been waiting for years for admission. In addition, potential co-operatives that could participate in the network need more clarity regarding the rules and procedures that must be followed to enter the international fair market. As mentioned above, it is necessary to avoid a new scheme of North-South domination, since the very essence of fair trade would be lost.

In this sense, the general perception is of a lack of transparency at the decision-making level. Cooperative leaders sometimes do not know who to turn to, and lack of clarity prevents them from defining a consistent strategy for their coffee sales. There is, for example, no clear line of conduct to follow when transnationals approach wanting to buy coffee with their own perception of what fair trade is. Small producers thus find themselves in the dilemma of selling part of their production to large companies without the relevant information to enable them to make a good decision.

Once again the controversy arises as to the limit of the scope of fair trade, especially when there is a need to increase demand. It is indeed a relatively new movement where advertising takes the form of a short-range

awareness-raising process. In this sense, the real debate is about how best to meet the development needs of the South without perverting the essence of fair trade, without falling into the same mercantilist logic and without allowing big business to play a crucial role in enabling it to monopolise commercialisation.

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Notes

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- [1] We would like to thank the FQRSC program whose support made it possible to carry out the research on which this booklet is based. Similarly, this article would not have been possible without the advice and supervision of Olga Navarro-Flores.
- [2] To give an example, 73% of the coffee market in the United States is dominated by three major companies, Kraft General Food, Folgers Coffee and Nestle.
- [3] For example, the appearance of sweeteners instead of sugar, the increase in ingredients other than cocoa in the processing of chocolate bars or the use of substitutes in soluble coffee.
- [4] For further references, see the articles at <http://www.colostate.edu/Depts/Sociology/FairTradeResearchGroup/>.
- [5] For more details on the history of the origin of fair trade in Mexico, refer to Roozen, Nico and Frans Van der Hoff, *L'aventure du commerce équitable, une alternative à la mondialisation*, JC Lattès, 2002.
- [6] The overprice or premium is an additional payment given to producers, in this case coffee, who participate in the fair market.
- [7] According to Giavannucci's study (2001), the average Canadian consumer considers that awareness plays an important role in purchasing decisions.
- [8] <http://www.equiterre.org>
- [9] <https://vinculando.org>
- [10] For example, Canadian consumers consider quality to be central to the trade in specialty coffee, which circulates in the alternative market, Giavannucci, op. cit 2001.
- [11] See the page of Comercio justo México, www.comerciojusto.com.mx
- [12] Information gathered through personal communications with a number of cooperatives in Chiapas
- [13] Personal communication with the president of the cooperative.
- [14] It is interesting to note that the Mexican Coffee Institute (IMECAFE), a few years before its extinction, offered chemical fertilizers to coffee producers. In the beginning, fertilizers were free and producers were happy with the good results. From the second year on, they had to buy them, and prices were rising year by year. Finally, the lands had lost their properties or were accustomed to chemicals, leaving many of them unusable, forcing the peasants to buy the land.
- more and more fertilizers. Those who did not have enough resources chose to leave the land.