

¿Justo Para Quién?

An Analysis of the Fair-Trade Coffee Industry in Guatemala

Abstract

In the last twenty years, consumer awareness of Fair Trade products in the United States has skyrocketed. Consumers in the global north feel that they are empowering farmers and supporting sustainable lifestyles in the global south by purchasing fair-trade certified products. Coffee was one of the first Fair Trade products. Large corporations such as Starbucks and McDonalds are leading the way in sales and promotion of sustainable coffee. This may contradict the consumer hope that fair trade supports small businesses and farmers. This thesis discusses whether the Fair Trade certification system and implementation is actually fair to farmers, specifically in Latin America. I analyze case studies and peer reviewed articles, and interview the coffee team at Fair Trade International to answer this question.

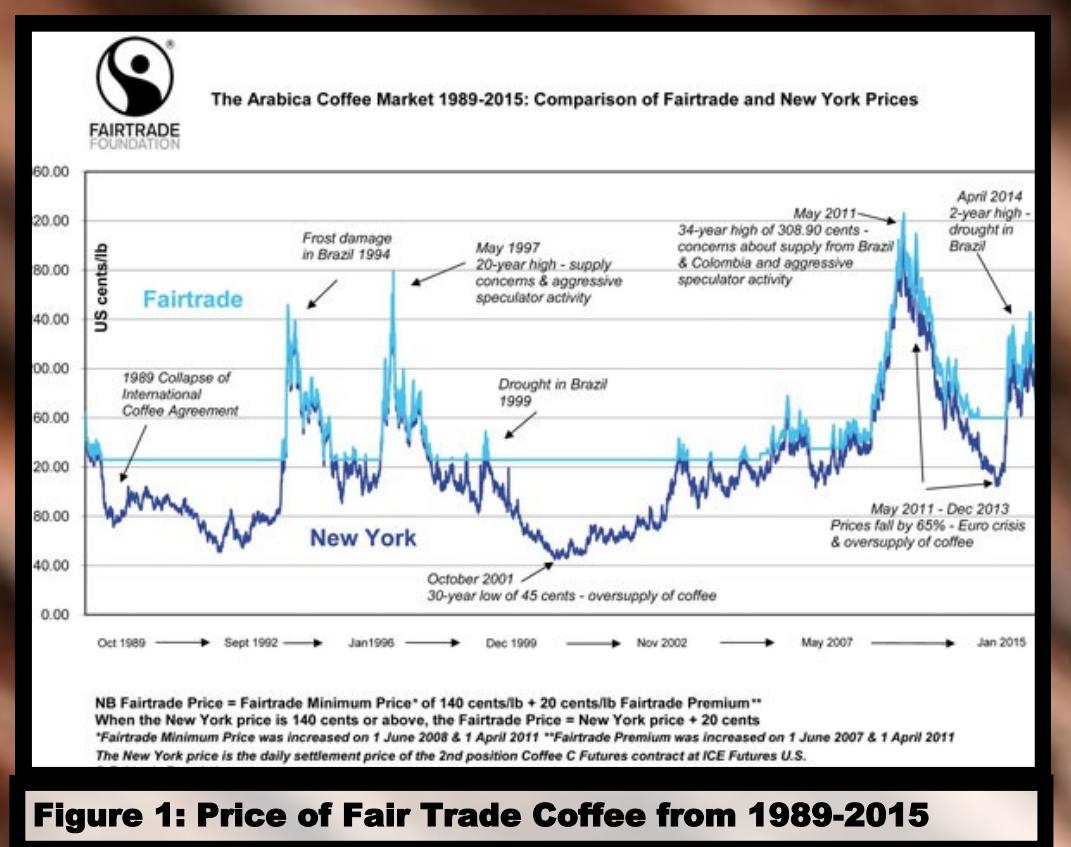


Figure 1: Price of Fair Trade Coffee from 1989-2015

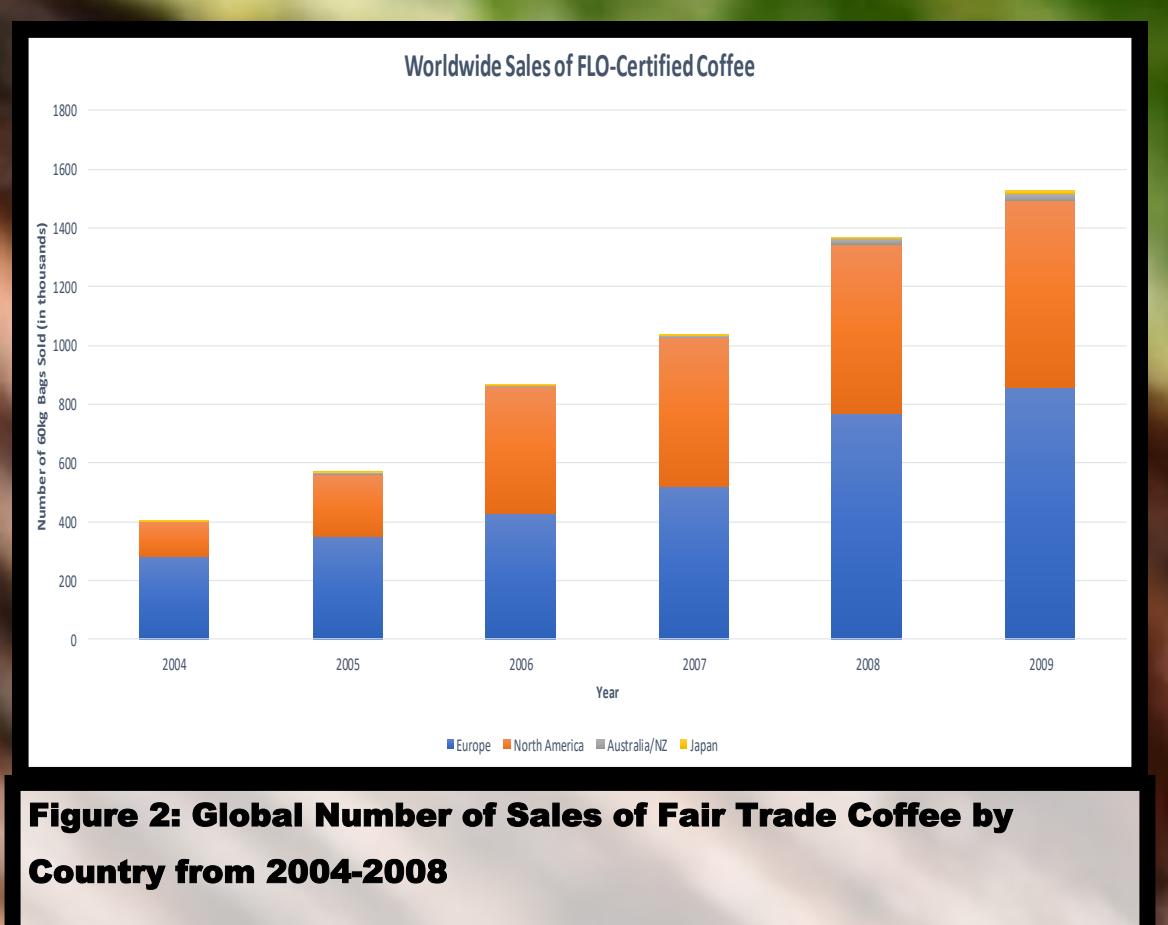
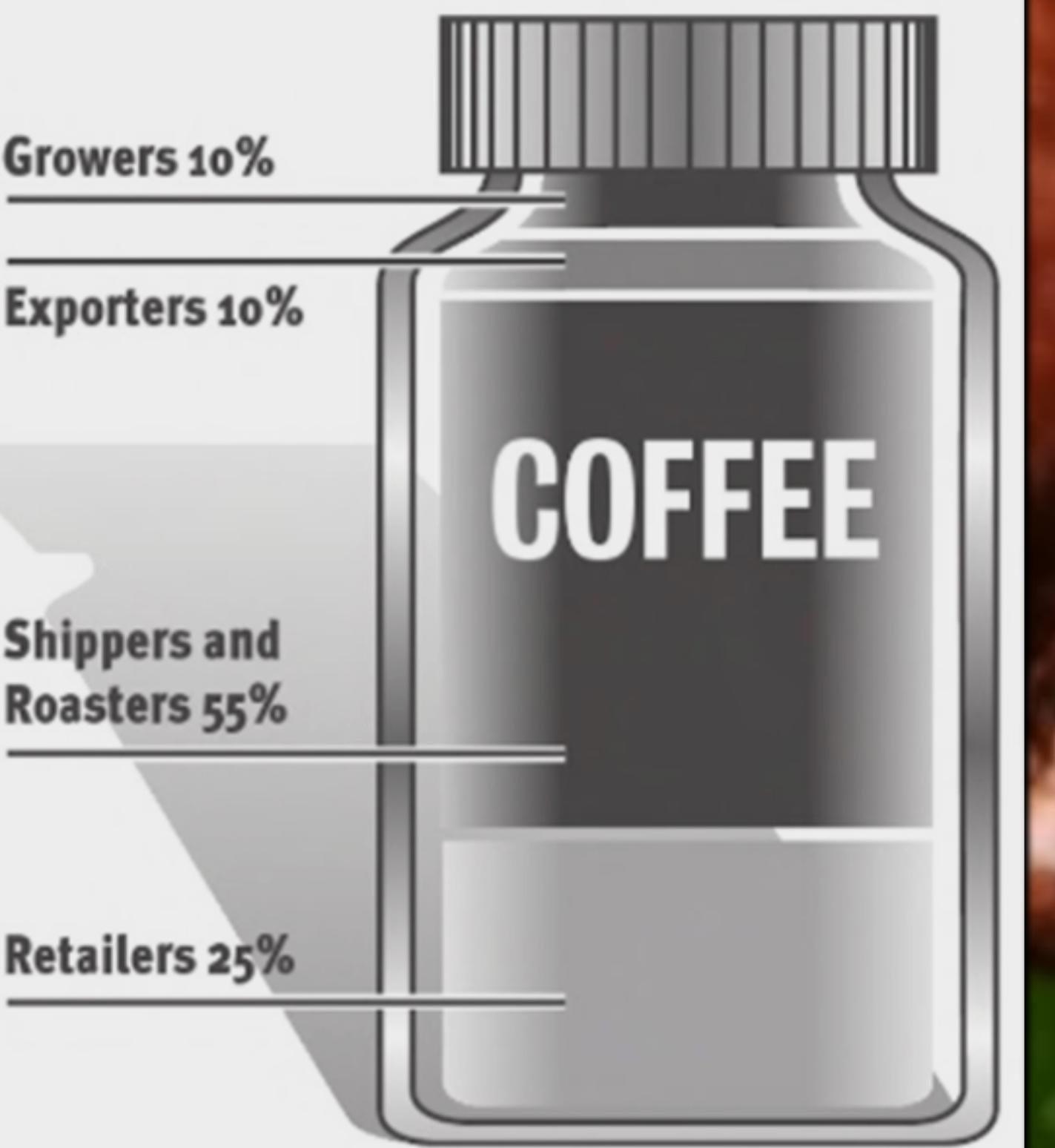


Figure 2: Global Number of Sales of Fair Trade Coffee by Country from 2004-2008

Timeline

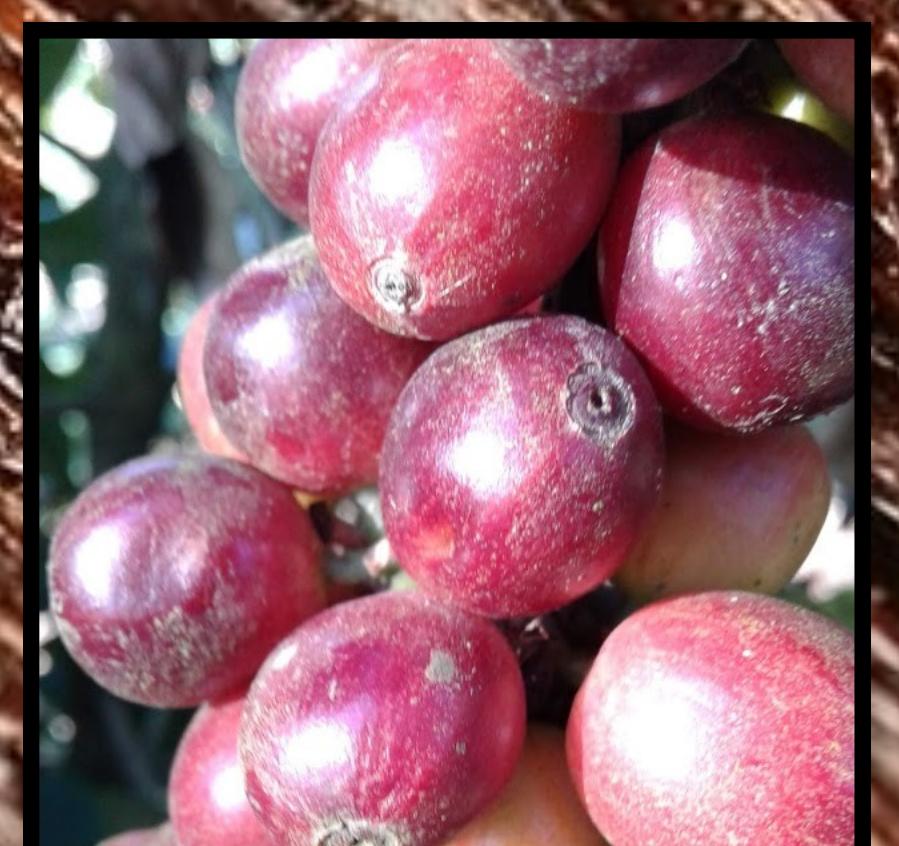
Year	Event
1940	NGOs Began Attempting to Create Fair Supply Chains
1960	Fair Trade Movement Started to Take Shape
1988	Max Havelaar was Launched
1997	Current Fair Trade-certification Implemented in Bonn, Germany
1997	Fair Trade Coffee First Sold in Whole Foods Market
1998	Paul Rice Founded Fair Trade USA
2000	Starbucks Started Selling Fair-Trade Coffee
2003	Victor Melgar's Coffee Farm
2004	Fair Trade International split into FLO and FLO-Cert
2004	CAFÉ Practices System was Introduced
2011	Floor Price of Green Coffee Beans was \$1.40/lb
2011	50% of American households are aware of Fair Trade Coffee
2018	I studied abroad in Guatemala

The coffee jar
Proportion received of the final price of a jar of coffee.



"Latin American farmers and every day citizens have learned to drink bad coffee as a preference, and don't actually see the value in the high quality beans they produce. There is also a strong preference for products that are American made vs local, coupled with a complete disconnect from the drink. Farmers don't know the value of their beans outside of being a cash crop that produces their incomes, and they definitely don't have any insights or familiarity with the coffee culture here in America."

—Fair Trade International Coffee Team



Conclusion and Solutions

Through case studies, the analysis of peer reviewed literature, and an interview with the Fair Trade International coffee team, my question shifted. Initially, I wondered why coffee farmers do not drink the coffee they produce. In attempting to answer this question, I found that the leaders in sustainably sourced coffee are big corporations such as Starbucks and McDonald's. According to the basic definition of Fair Trade, these companies do not meet the requirements to become certified. Their size and structure do not fit the model. However, Starbucks responded by creating their own coffee certification system called CAFÉ (Coffee and Farmer Equity), which shares some similarities with Fair Trade, but is exclusive to Starbucks. This is deceiving to consumers because consumers still feel they are supporting small-scale farmers by purchasing coffee with the CAFÉ certification.

In order to address this ethical issue, several steps could be taken. First and foremost, it is crucial for businesses like Starbucks to be transparent with their consumers. One way to achieve this is to post information about their certification system so consumers can make informed decisions. A second possibility is for consumers to hold each other accountable using the power of social pressure. Another solution is to improve the existing Fair Trade system.

Sources

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