

WHAT IS THE FUTURE OF FAIR & SUSTAINABLE COFFEE?



Contributing Writer

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Peace Coffee was founded in 1996 by the Minneapolis non-profit Institute for Agriculture and Trade Policy (IATP). At the time, IATP was working with partners in Mexico who were searching to build a market for their fair trade organic coffee, and they were also talking to allies in Europe about bringing a fair trade label to the U.S. Ultimately, the organization birthed a successful coffee company and was one of the founders of TransFair USA, the first fair trade certification program in the U.S. Understandably, while the staff at Peace Coffee worked to get into the community as much as possible to explain fair trade and our model, both IATP and Peace Coffee continued to be among the biggest boosters of third-party certification, pointing out the benefits of the system to both coffee-growing communities and consumers.

The split between Fair Trade USA (TransFair USA) and Fairtrade International (FLO) served as a precipitating event to reassess our approach and system. The fair trade movement is clearly at a crossroads with major implications for much of the marketplace, but specifically the specialty coffee sector. At a time when social, environmental and economic sustainability is finally becoming a mainstream consideration for many companies and consumers, there remain a number of gaps and challenges for creating fair and sustainable value chains. As a result, this is an opportune time to reflect on how far we have come and, perhaps more importantly, how far we still have to go to achieve our mission. This necessitates a real and frank analysis of the strengths and weaknesses of existing tools and frameworks, and it pushes us to explore what we need to continue on to the next stage of this journey.



Are our current definitions and tools up to the task of providing fairer and truly sustainable coffee value chains? What will inspire all of us to continue on this journey? What role can and should various initiatives play in this process?

With the support of Catholic Relief Services' Fair Trade Fund, and partnering with a renowned sustainable standards expert, Sasha Courville, we embarked in 2012 on a journey to try to understand what the next steps are for Peace Coffee and our farmer-partners. Over the last year, we have conducted interviews along our own value chain (covering producer, importer and roaster perspectives), as well as across the fair trade standards world and the broader sustainable coffee community. A longer paper that describes the project in greater depth will be available in the summer of 2013 (visit: www.peacecoffee.com). While admittedly many questions still remain, one thing is clear: the world around all of us is shifting, and we need to think differently in order to keep pace.

In the seventeen-year history of our company, we have seen the market for fair and sustainable products explode. According to The Economics of Ecosystems and Biodiversity Report for Business (TEEB), the worldwide market for certified agricultural products (including organic) was \$40 billion in 2008, and it is estimated to grow to \$210 billion in 2020 and \$900 billion by 2050. Voluntary standards and certification systems have become widely accepted by many governments, businesses of all sizes and a large number of civil society organizations as effective market-based tools to raise awareness and drive desired sustainability outcomes. Leading businesses have recognized that sustainability is necessary for their long-term viability, and they are using multi-stakeholder standards as

tools to transform their value chains. That success is clearly reflected in the system we work within. If we look specifically at the growth of certified fair trade, there are now over 827 certified (FLO) producer organizations in fifty-eight producing countries, representing over 1.2 million farmers and workers. Sales of certified fair trade products grew 27% between 2009 and 2010, and FLO estimates that six million people benefit directly from the system today. Fair trade coffee imports grew worldwide by close to 19% in 2010.

We have come a very long way from the early days pioneered by the solidarity movement, where fair trade products could only be accessed through dedicated fair trade outlets. However, while the growth numbers tell one story, the challenges of success that fair trade and the broader sustainability standards movement now face are significant indeed.

First, the tool of fair trade certification itself has limitations. It was initially set up as a demonstration project to highlight the injustice of international trade rules and to offer an alternative vision. The business models, governance structures and infrastructure used to get us to this point are not well-suited to rapidly scaling up impacts, transforming entire value chains and regions, and integrating with systems that are working to achieve broader change. At the same time, it is difficult for those same systems to experiment with what might be the next big transformation towards fair and sustainable value chains.

Second, the coffee industry faces some key challenges that are going to require some new ways of thinking. Climate change poses an unprecedented threat to the viability of coffee