

# The fair trade is not fair enough

[Business](#)



The future for small farmers and coffee laborers depends on the fast-growing fair trade. If there is any hope that they see a better tomorrow, fair trade must be given an upper hand and must be supported by all individuals. This paper attempts to analyze how the fair trade has not been effective enough in Latin America for the coffee farmers. Despite its inception 50 years ago, the fair trade has not made any significant impact on the coffee laborers of Latin America who are still poor to date.

It is rather unfortunate that the wages of other laborers in the world are rising but the price of coffee grains remains the same. Mexico is the sole country in Latin America that offers a comprehensive analysis of the economic, environmental and social benefits that are associated with fair trade. Coffee economies not only in Mexico but in the rest of the world are considered as delegate of the small scale farm enterprises comprised of unfair international exchanges. This paper thus attempts to unmask the ethnically appealing integrity tale through a close examination of coffee's political economy in Latin America and particularly in Mexico (Raynolds, 2009). This paper also documents the class of individuals as well as their gender in coffee production.

The most notable idea in this paper is the role of landless laborers, migrant harvesters and women in Mexico and also the depiction of the difference that arises in the smallholder economy. Mexico has exported coffee for many decades, particularly to the southern states. Despite the fact that coffee exports generate national income ranging to about \$700 million, most of the small-scale farmers are still living miserable lives (Daviron, 2005). Their basic needs are hardly met although the return from exports earned from <https://assignbuster.com/the-fair-trade-is-not-fair-enough/>

the crop provides enough capital that can support and sustain the personal and community development of the small-scale producer. Majority of the coffee producers in Mexico which is about 200, 000 of the 283, 000 happen to be indigenous farmers who have small pieces of land of less than 5 acres. This is among the driving factors that makes majority of the farmers live in acute poverty to date, even after the inception of the fair trade.

A question as to whether the Fair Trade is really fair does not have a precise answer but rather one gets to understand this by closely analyzing the trends that are attached to coffee in the world market. There is always a noble reason behind the setting of a minimum price for coffee and other products. The real problem, however, is not solved by the pricing institutionalization of coffee and other commodities. In some cases the pricing may unfairly penalize those it was intended to favor. It is reasonable to state that Certified Fair Trade is indeed expensive in the long run.

The poorest farmers cannot afford the technical business obstacles required for certification due to its high cost. A good example can be drawn to the fact that Mexico is the biggest supplier of coffee to the United States. Farmers are forced to group themselves in cooperatives in order to settle the certification cost due to the chosen method of acquiring certification. The harvest obtained by each farmer is mixed together resulting in the mixture of the extremely good produce with poor grains and hence an average quality coffee is procured as the cooperatives produce (Daviron, 2005). It is alarming that in the case where coffee of a higher grade is obtained it is sold at prices higher than the Fair Trade minimum, while the lower grade coffee is

put aside for the Fair Trade market where it can be demanded with the set minimum price despite the fact of a low quality.

The label of the Fair Trade is used by corrupt corporations who collect goodwill for their company by raising claims that they are supporting the poor farmers yet they are taking advantage of the consumer's ignorance to increase their own sales. The Transfair organization that is situated in United States promotes Fair Trade in the US. Similar to other of its type, Transfair requires millions of dollars to maintain (Lyon, 2006). Due to this reason, the consumer is made to pay for the extra expense, particularly for the lower grade coffee obtained from a cooperative. The purpose of this cost is a compensation for the "fair" price and so-called administrative cost.

The saddening issue is that the poor Mexican farmers and coffee farmers as a whole do not benefit and consumers only end up paying a premium.

Nowadays Fair Trade is still questionable whether it can really deliver the results it is supposed to fulfill. Most of the Mexican farmers toil in poverty with their children going hungry for a total of several months in a given year (Raynolds, 2009). This situation is very upsetting bearing in mind that most of the consumers are made to believe that Fair Trade is actually functional. The real situation on the ground is the exact opposite since the farmers in Mexico remain poor and oppressed while the intermediary cooperatives benefit from the sweat of the poor laborers.

Fair Trade cooperative fees are extremely expensive for the poor farmers. A combination of the Fair Trade cooperative fees, government taxes and farming expenses leaves the Mexican coffee farmer with almost nothing to

spend on basic requirements and thus they remain poorer year in year out. The highest coffee producing area in Mexico is the state of Chiapas. This area might be thought to be wealthy due to the existence of Fair Trade, but unfortunately we can contemplate the exact opposite since it is the poorest state in Mexico. It is also saddening that majority of the Mexican small-scale farmers were forced to relocate from their fertile lands for the purpose of settling large coffee plantations owned by foreigners. The poor farmers often find themselves on the losing side lacking of several essential necessities such as processing equipment, credit as well as better access to stable market of their harvested coffee berries.

These farmers can hardly cover their farming expenses, bearing in mind that the market price around the globe ranges around 50 cents per pound.

Farmers who are determined enough to stay on their fertile land despite being pushed away must seek financing from companies. These companies however take advantage of their vulnerability and desperate situations, hence exploiting them to alarming rates. The main difference that exists between Mexican coffee farmers and the coffee producing world is that majority of the farmers in Mexico are smallholders who feel trapped due to the fact that they have no other work to do in order to earn a living.

Basically, 25% of the populations in Mexican rural areas earn a living in the coffee industry (Valikila, 2010).

Among the 25% who earn a living in the coffee industry, 65% are indigenous people. The low income obtained from coffee is triggering majority of the Mexican coffee farmers obliged to look into other means of making a living. Some of them for instance are changing from coffee farming to cattle

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farming or corn growing. This has thus influenced the burning of the valued forests in order to clear land for the new farming activities and in the process posing grave threats to the environmental and cultural disruption. The Mexican coffee farmers apparently started forming co-operatives in the early 1980s in a response to growing consumer awareness (Kilian, 2006).

The main aim of the formation of these co-ops was to facilitate the processing of the coffee beans market and in the end export them effectively. The Fair Trade movement began to take shape around this time. The main aim of the Fair Trade is not only to guarantee a livable wage, but also to cover a variety of principles with the sole purpose of improving the life of the farmer. The Fair Trade certification consists in the proposition that the Mexican coffee farmers have to put money back into the community. These farmers should thus invest fair trade premiums in social and business development projects such as quality improvement training, scholarship programs as well as organic farming. Fair Trade is an absolutely pleasing term and has placed its starting points in the right way.

The problem lies in its workings as it literally damages the lives of those who are not able to get on board. Fair Trade also happens to be tantamount to price fixing and contributes to the inflation of the underlying costs through certain administrations and certifications costs that turn out to be absolutely unnecessary. Amongst all the aims of the Fair Trade, it is rather unfortunate that it has not been able to do away with certain undesirable situations. Fair Trade, for instance, has not been able to establish absolutely safe working conditions and it has not completely eliminated middlemen and importers.

The ball lies also in the consumer's side since it is their choice whether to purchase the Fair Trade Certified coffee.

Consumers also ought to embrace conscience in the case of trading practices. It is essential if every consumer is in support of human rights and environmental sustainability for the well-being of the coffee farmer.

Consequently, it is appropriate to state that the Fair Trade coffee program is not perfect and still has a long way to go if it will at all attain the title of being fair particularly to the poor individuals. The Fair Trade program turns out to be young in its developments and would greatly require some adjustment so that it can comfortably suit global dealing complexity.

However, the Fair Trade concept works and is assisting a great deal for the well-established farmers. Accordingly, the main requirement is few adjustments so that even the poor farmers, all buyers and consumers get benefits.