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## INTERNATIONAL

# Fair Trade price certification spurs debate

Fair trade certifiers help set universal prices for products. But critics say its one-size-fits-all price doesn't take into account varying production costs throughout the world.

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Special to The Herald

Fair Trade certification began in the 1990s to try to address the low prices small-scale farmers received. It now represents about 3 percent of the market in Europe and somewhat less in the United States.

Together, fair trade producers and buyers had set a universal price of \$1.26 that for years was far above the "C" price paid for regular green coffee. Organic coffee usually nets another 15 cents.

Affiliates of the Fair Trade Labeling Organization certify small farms and co-ops around the world according to a number of criteria. Organic certification is usually undertaken separately, although increasingly, inspections are done in tandem by the same certifiers in order to reduce producers' costs.

*La Voz*, a Guatemalan cooperative with 120 members, for example, will pay about \$3,000 for certification this year.

Once a co-op passes the initial test, unannounced visits are made yearly to evaluate a random sampling of the operations of co-op members. Organic certification is not governed by an international body but rather is undertaken according to rules set by national organizations.

Fair Trade has been criticized for its one-size-fits-all price that doesn't take into account varying production costs throughout the world.

The coffee certifiers have been called the new middlemen by some. But rather than worrying about them, Antonio Chavajay, president of the coffee cooperative *La Voz*, says he is more concerned about reducing export costs.

Making the initial switch to both fair trade and organic certified coffee doesn't guarantee a market, although there is an unfulfilled demand for high-altitude Guatemalan beans like those from *La Voz*.

Tracey Clark, managing director of a small coffee chain in Ottawa that roasts only organic and fair trade beans -- including those from *La Voz* -- said she agrees that the price paid to farmers should be higher.

"I hope to see it go up," said Clark.

She hopes that once her chain has expanded enough, she will be able to bring her suppliers in as minority partners as well. "The profits are at this end of the chain, and we need to have a new covenant with farmers," Clark said.

## CYCLICAL PRICES

In the meantime, she hopes that producers will keep the cyclical nature of coffee prices in mind, and not be tempted by other buyers. Others, such as Paul Rice -- chief executive of TransFair USA, the Fair Trade certifying body in the United States -- fear that higher prices could price Fair Trade beans out of the market.

Starbucks, concerned with both its image and an ongoing supply of quality beans, has been purchasing shade-grown coffee from small-scale producers in a protected area of Chiapas, Mexico, since 1998.

Unlike Fair Trade, Starbucks guarantees a market for the farmers that follow the company's social and environmental guidelines. Training and inspection are carried out by Conservation International, a Washington-based group.

Similar initiatives have begun in other countries, and also may begin soon in Guatemala.

### **A NEW MODEL**

A few miles away along the lake from San Juan -- where *La Voz* cooperative is located -- Father Greg Schaffer, the Catholic priest in San Lucas Tolimán since the 1960s, has helped develop another model to sell his parishioners' coffee. Through a sales network of nongovernmental organizations and church groups in his home state of Minnesota, he has eliminated both intermediaries and a need for certification. He pays his producers almost \$30 a bag for red beans.

"I asked them what they should be paid that would be a fair price for their labor, and that's what they told me," Schaffer said. His church's coffee association exported almost 120,000 pounds of roasted coffee last year.

"Fair Trade is a marketing tool, but we have no problem selling all of our coffee the way we do," he added.