Partnering for sustainability: business–NGO alliances in the coffee industry

April Linton

The movement to promote coffee produced in a sustainable way is one of many efforts aimed at linking social responsibility and market capitalism. In the wake of a worldwide coffee crisis in which prices have fallen to levels that do not support small-scale production or provide living wages for plantation workers, non-profit certifying and labelling organisations are working to develop a market that is sustainable for workers and the environment. They seek to influence cultural and political values in such a way that consumers and corporations in the North will have to respond to them by incorporating the welfare of Southern workers and ecosystems into their purchasing decisions. This paper discusses and evaluates current strategies to link producers and consumers within this movement, all of which involve a great deal of education. It argues that partnerships between businesses and NGOs are essential for broadening the corporate base of the market for fairly traded coffee and promoting norm change among consumers, and discusses the challenges and opportunities that such partnerships create.

A crisis in coffee

A global coffee crisis has existed since the early 1990s. As Oxfam International’s comprehensive report on the subject summarises:

There is a crisis affecting 25 million coffee producers around the world. The price of coffee has fallen to a 20-year low and long-term prospects are grim. Developing-country coffee farmers, the majority of whom are poor smallholders, now sell their coffee beans for much less than they cost to produce. The coffee crisis is becoming a development disaster whose impact will be felt for a long time. (Gressler and Tickell 2002:6)

Since 1990, coffee production worldwide has increased by 15 per cent, whereas consumption has increased by about 7 per cent. This oversupply has resulted directly from a decline in industry regulation. The end, in 1989, of a quota system imposed under the International Coffee Agreement led to increased competition and production. Deregulation and temporary spikes in the price of coffee resulting from crop damage in Brazil encouraged over-planting of new trees as well as new entrants into the market, notably Vietnam.
Two species account for virtually all coffee traded. *Coffea arabica* is the original coffee, native to the highlands of Ethiopia. *Coffea canephora* (generally known as robusta) originated in the lowland forests of West Africa. It did not enter the commercial market until after the Second World War, as low-grade filler used in blends. *Coffea arabica*, the tastier species, typically grows at higher altitudes than robusta, and is more vulnerable to poor soils and diseases. It thus commands a higher price, but is susceptible to price competition since much of it ends up as a flavour component in canned coffee blends. Cup quality reflects growing and harvesting conditions (e.g. altitude, soil quality, weather) as well as the way the coffee cherries are processed to yield green (unroasted) coffee beans for the market.

In the early 1990s, *C. arabica* accounted for about three quarters of the world coffee supply. This figure is around 60 per cent today. Production of *C. arabica* has declined and robusta production has risen (almost all recently planted coffee is robusta) because new technologies such as steaming to mellow harsh flavours make it possible for roasters to use more robusta in their blends. Even European countries that used to import almost exclusively arabica beans are now buying robusta. Meanwhile, some arabica producers find that prices have fallen too low to sustain the more labour-intensive cultivation and harvesting that these coffees need. Since grocery store blends are still 35–40 per cent arabica, their makers have started to worry about having a continued supply of their blends’ flavour components. Even speciality roasters that buy highest quality arabica beans at premium prices express concern that in the future they will not be able to locate enough of the coffees in which they are interested (Gressler and Tickell 2002).

The export price of coffee is pegged to futures contracts on the New York stock exchange. During the 1990s the ‘C’ price for green arabica coffee declined from a high of US$2.71/lb to as low as US$0.48/lb. Currently it is about US$0.72/lb. Coffee producers, especially the small farmers who grow over half the world’s coffee, earn only a fraction of this export price because the typical pathway from producer to consumer involves several intermediaries. At such low price levels, farmers are borrowing against future harvests just to meet expenses. They cannot continue to produce at a loss, and usually lack the funds and technical support necessary for a transition to different crops or other income-generating activities.

The coffee crisis has left many farmers in poverty, decreasing their families’ health and their children’s education prospects while also encouraging migration to overcrowded urban areas where prospects are truly bleak. The crisis has also destabilised national economies that are largely dependent on coffee. In Central American countries, hardly a day goes by without a major newspaper story about economic and social fallout related to the dismal coffee market. For example, recent articles report the collapse of the Salvadoran government’s fund to provide emergency loans to coffee growers (Cabrer 2003), and tell of farmers ceasing to harvest their coffee because the price of doing so exceeds what they would receive for their crop (Henríquez 2003). In Guatemala, aid agencies describe the situation as a national emergency, but government efforts to help families impoverished by the crisis have amounted to little more than empty promises (Garmendia 2003).

Coffee farmers and workers are suffering while Northern consumers continue to pay premium prices for the product they consume. This is plenty of reason for alarm. But the challenge facing the world coffee market also deserves our attention because these circumstances serve to illustrate current issues involving many commodities on which developing countries rely. Finding a solution to the coffee crisis is thus a test of whether trade liberalisation can be made to work for poor people and poor countries. In part, the solution calls upon corporations and consumers in rich countries to act as global citizens rather than simply global marketers and global consumers.

In the wake of the coffee crisis, many non-profit organisations are working to develop a market situation that is sustainable for workers and the environment. They seek to influence
cultural and political values in such a way that consumers and corporations in the North will have to respond to them by incorporating the welfare of Southern workers and ecosystems into their purchasing decisions. This paper discusses and evaluates current strategies to link producers, corporations, and consumers within this movement, highlighting the role that partnerships between NGOs and corporations can play in broadening the market for coffee produced in a sustainable way. It describes the NGO-based movement to promote sustainable coffee and, against a backdrop of reasons why corporations and NGOs may benefit from collaboration, details the current state of NGO–corporate linkages in this domain. In conclusion, it presents challenges and opportunities that such partnerships create.

Promoting sustainable coffee

The movement to certify and market coffee produced under environmentally and economically sustainable conditions is one of many efforts aimed at linking social responsibility and globalisation. Non-profit fair trade labelling organisations such as TransFair promote Fair Trade Certified coffee. They aim to alter coffee’s path from farmer to consumer by making it possible for farmers to form cooperatives to process and market their own beans. Their goals include ensuring that farmers earn a living wage for their produce, providing access to affordable credit, and encouraging practices that are sustainable for both workers and the environment. The fair trade movement has done a good deal to link together consumer activists, farmers, environmentalists, development agencies, and industry leaders—many of whom see coffee as one of the world’s most powerful tools for social change (Rice and McLean 1999). Fair traders seek to influence the values of the cultural and political system in such a way that corporations—even the multinationals that purvey mass-market coffee—will have to respond to them. For example, Hillary Abell, former Development Director of TransFair USA, said in a 2001 interview that ‘norm change’ was the group’s number one goal, and would be achieved by making ‘the fair trade model as normal, unintentional, and universal as non-discrimination and basic environmental responsibility are today’ (quoted in Tarmann 2002).

Other NGO-based efforts to make coffee more sustainable prioritise organic farming. Organic agriculture seeks to minimise environmental impact and work within the natural environment to improve yields, disease resistance, and quality of a crop. In 1995 the International Federation of Organic Agriculture Movements (IFOAM) published specific guidelines for organic coffee certification, stipulating that the coffee must be produced using methods that preserve soil quality and prohibiting the use of synthetic chemicals. The International Organic Accretion Service (IOAS) works with IFOAM to certify organic farms.

Still other groups focus on maintaining shade trees around the coffee plants. The trees provide bird habitat and often enhance coffee quality. Shade trees are also ‘insurance’ crops to the grower, providing fuel wood, timber, and fruit. Furthermore, traditional shade farming reduces farmers’ dependence on expensive chemical applications, safeguarding growers and their families from the potential harmful effects of exposure to pesticides (Giovannucci and Koekoek 2003). Although almost all organic coffee is shade grown, not all is certified as such. Shade-grown coffee initiatives are the youngest in the sustainable coffee movement, and currently have the smallest market share.

In 1995, Rainforest Alliance began to extend its ECO-OK (now Rainforest Alliance Certified) label to coffee. Shade growing is a criterion for this certification. In late 1996, the Smithsonian Migratory Bird Center (SMBC) hosted the first Sustainable Coffee Congress, a working group that brings together representatives of conservation organisations and the coffee industry. Since then, the SMBC has played an important role in informing the shade-grown coffee movement. Since shade-grown coffee farms provide winter habitat to over 150 North American
species of migratory birds, there is good potential for promoting SMBC’s bird-friendly certified shade-grown and organic coffee among the estimated 60 million bird enthusiasts in the USA (Rice and McLean 1999). Conservation International (CI) also offers a shade-grown certification. Conservation Coffee identifies coffees that are ‘grown, processed, and marketed in a way that promotes biodiversity conservation while improving the lives of local people’ (Conservation International 2001a).

A relatively new coffee certification comes from the Dutch NGO Utz Kapeh, whose Code of Conduct was developed in 2000 by a consortium of Guatemalan grower-exporters together with the Ahold Coffee Company. It is based on the EUREPGAP Protocol for Fruits and Vegetables, developed by the leading European retailers to provide basic assurance for food safety and environmentally and socially appropriate growing practices. In addition, it includes relevant criteria from ILO Conventions and the Universal Declaration of Human Rights. According to the Utz Kapeh website, the code:

is a ‘decency’ standard for coffee production that ensures good, efficient, responsible farm management and full traceability. Purchasing from these certified producers allows coffee brands to take direct responsibility for the source of [their] coffee. This will lead to better terms of trade for coffee producers, makes the coffee traceable for coffee brands, and creates long term relationships in the coffee chain… As a complete package, Utz Kapeh provides a vehicle for public–private partnerships to channel support to certified farmers. The Utz Kapeh Foundation is the mainstream initiative for certified responsible coffee. (Utz Kapeh 2004, emphasis in the original)

In the hopeful language of economist Michael Conroy (2001:2):

Advocacy-led certification processes represent an increasingly successful pursuit of alternatives to the downward pressure placed upon social and environmental responsibility by the refusal of the WTO to permit the use of production and processing methods (PPMs) as a basis for trade policy.

Certification introduces a positive, alternative system to laws, which are often difficult or impossible to enact. It is ‘a carrot instead of a stick’ (Rainforest Alliance 1995), ‘a market-driven process designed to encourage and reward firms that choose to produce or trade in products that use the highest social and environmental standards in their production’ (Conroy 2001:4).

Of course, socially responsible production and procurement will bring financial rewards only if it results in products that consumers desire at prices they find reasonable. Fortunately, this does not require a uniform definition of social responsibility, preferred product characteristics, or acceptable prices; customers make their own judgements about these things. Like firms, NGOs play a role in shaping customers’ demands and expectations by providing information and choice. NGOs advocating for policies and practices that promote sustainable coffee aim to educate consumers about current issues surrounding coffee production and the coffee crisis. Certified coffee offers a tangible alternative—a way to be part of the solution.

Why would corporations and NGOs collaborate?

Businesses hold the key to capital, market share, and consumer influence. It is thus simple to understand why NGOs find business alliances attractive as these can be a highly productive approach to reaching their goals. But why might a business benefit from—or even form a partnership with—an NGO-based movement that seeks to monitor and/or change its practices? Why might third-party certifications be attractive to coffee importers, roasters, and retailers?
Potential reasons concern branding, vulnerability, risk reduction, and credibility (Conroy 2001). These are discussed and illustrated below.

**Branding**

Businesses that sell coffee are in a good position to educate their customers about sustainability issues. In particular, the marketing infrastructures and visibility of large corporations vastly exceed those of NGOs, but difficulties that coffee roasters and retailers may face in advertising certified coffee include confusion among certifications, saturated markets, and increasing brand competition. This has led to a rise in Cause Related Marketing, also known as Societal Marketing—a strategic positioning and marketing tool that links a company or brand to a relevant social cause or issue, for mutual benefit. Consumers are known to be anthropomorphic about brands, choosing them for expressive as well as practical reasons (Pringle and Thompson 1999). Corporations can therefore promote brand attachment in a way that uses social and environmental responsibility to add to their brand’s ‘soul’. Such integrated branding of coffee is somewhat challenging because various certifications are already ‘brands’ to which competitors also have access, but at the same time, a roaster or retailer can be negatively singled out for not offering a certified product (Linton et al. 2004).

For corporations that already enjoy strong brand loyalty from their customers, fair trade, organic, and/or shade-grown labels could become ‘brand extensions’ (David 2000:132). Starbucks’ ‘Commitment to Origins’ campaign illustrates the use of certified coffee to retain brand loyalty. The company’s website states:

> Purveying quality coffees means much more than selecting the finest beans on the market. It means protecting a way of life for our farmers by supporting social, economic and environmental issues that are crucial to their livelihood. Commitment to Origins is dedicated to creating a sustainable growing environment in coffee origin countries. (Starbucks Corporation 2003)

The Commitment to Origins campaign includes Fair Trade Certified, organic, Farm Direct, and various conservation (e.g. shade-grown) coffees, and encompasses collaborative relations with TransFair USA and Rainforest Alliance as well as a long-term partnership with CI. Starbucks does not aim to single out one particular certification, but rather to offer a whole line of products that have been produced and obtained through socially responsible means.

**Vulnerability**

Corporations that do not proactively adopt socially conscious policies are likely to be targeted by NGO-driven boycotts, such as the US Labor Education in the Americas Project (US/LEAP) action against Starbucks in the early 1990s and Global Exchange’s ongoing corporate campaigns. Until recently, these efforts were aimed almost entirely at the speciality coffee market, i.e. at roasters and retailers that already pay top dollar for their coffee beans and favour sustainable practices for many reasons—a foremost one being that a reliable supply of premium coffee is essential for their businesses. Though it seems ironic, especially given that speciality coffee accounts for less that 20 per cent of the total coffee market, the NGOs’ strategy made sense because retail stores are a ‘sitting duck’ target and because speciality coffee shops cater to the younger, better educated consumers known to be most receptive to messages about socially responsible consumption (Rice and McLean 1999; Linton et al. 2004). Thus, they offered the best possible audience for NGOs to spread their message to sympathetic consumers and challenge roasters to respond.
Risk reduction

Partnerships with NGOs can and do help corporations achieve progressive goals. These partnerships can be a form of insurance against unsubstantiated criticism of a firm’s practices and greatly reduce its risk of becoming the target of negative publicity, thereby making it more financially attractive to investors. The financial contributions and certification costs that these liaisons may entail are often offset by a shortened value chain. Certification schemes promote direct relationships between producers and buyers, eliminating several intermediaries along the way to market. Furthermore, working with groups that promote sustainable production of high-quality coffee helps coffee roasters ensure a future supply of their product. Of late, labelling organisations and other NGOs have worked harder to foster linkages between coffee producers and buyers, a potentially very productive strategy for all parties.

Credibility

First-party codes of conduct are not necessarily credible. For example, Gressler and Tickell (2002) note that the world’s major coffee purveyors—Kraft (Philip Morris), Nestlé, Proctor & Gamble, and Sara Lee—all have statements of social responsibility that mention the countries and communities where their coffee is grown. They all acknowledge the coffee crisis and make contributions to development and aid programmes in coffee-producing areas. Several have recently initiated small projects to improve coffee quality among growers in Mexico, Peru, and Vietnam. Yet these companies’ high-profit, high-profile coffee brands rely increasingly on communication, transportation, and processing technologies that allow them to seek the lowest cost combination of coffees for their blends. Only one of the ‘big four’ coffee companies, Nestlé, supports the reintroduction of a price-stabilisation mechanism via the International Coffee Organization (ICO). For these reasons, activists and informed consumers do not find the big four’s claims of social responsibility convincing. By contrast, NGOs are perceived by the public as having greater credibility. They can exploit this and get corporations—even the giants—to seek their approval.

This process may work as follows. Activists spread a message to both consumers and corporations. In the case of the latter, pressure tactics such as boycotts may supplement information campaigns. Meanwhile, sympathetic consumers compel businesses to respond to their demands, and at least some businesses begin to market socially responsible products to their customers.

On the ground: NGO—business partnerships in the coffee industry

NGOs and businesses tend to discuss partnerships differently. For an NGO such as TransFair USA or Rainforest Alliance, a business partner may simply be a company that buys coffee that the group has labelled or certified, but when businesses publicise their partnerships with NGOs they are talking about a relationship that includes joint, long-range goals and a commitment of financial support on the part of the company. Both types of partnerships are included in Table 1 and discussed here, though the examples lean towards long-term activities. The primary goals of these relationships fall into three main categories: promoting quality and fostering direct ties between producers and buyers; improving or sustaining the environment; and commitments to buy fair trade certified coffees.

Promoting quality and producer—buyer relations

In the past, coffee exporters sold their coffee under brand names. But the market has shifted in a generic direction and thus there has been less emphasis on quality. Today it would be better to
Table 1: NGO-business partnerships in the coffee industry

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Description/goals</th>
<th>Producer partners</th>
<th>Business partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conservation International</td>
<td>Work with companies that have demonstrated a commitment to the environment.</td>
<td>19 farms in Latin America</td>
<td>Green Mountain Coffee, Starbucks</td>
</tr>
<tr>
<td><a href="http://www.conservation.org">www.conservation.org</a></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rainforest Alliance</td>
<td>Protect ecosystems and the people and wildlife that live within them by developing and implementing best management practices and standards for commodity crops, providing incentives to farmers to meet those standards, and encouraging the marketing industries and consumers to support farmers who are making on-farm improvements towards sustainability.</td>
<td>Numerous farms and cooperatives in Central America and Mexico, often in partnership with a local conservation organisation</td>
<td>Kraft Foods, DR Wakefield (UK importer), Coffee Enterprises (supplies coffee extract to Ben &amp; Jerry’s), Rodgers Family Coffee Companies, Green Mountain Coffee, Starbucks, Neumann Kaffee Gruppe, Volcafe Group, and more</td>
</tr>
<tr>
<td><a href="http://www.rainforest-alliance.org">www.rainforest-alliance.org</a></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Smithsonian Migratory Bird Center</td>
<td>Foster greater understanding, appreciation, and protection of migratory birds.</td>
<td>Farms and cooperatives in Latin America</td>
<td>Ten importers/brokers and many roasters and retailers including Coffee Bean and Tea Leaf, Gillies, and Whole Foods</td>
</tr>
<tr>
<td><a href="http://nationalzoo.si.edu/">http://nationalzoo.si.edu/</a></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Songbird Foundation*</td>
<td>Raise public awareness about the importance of supporting coffees grown in a sustainable way because of the direct impact coffee farming has on songbird habitat.</td>
<td>Central American cooperatives</td>
<td>Small specialty roasters and retailers, Trader Joe’s, and other grocery stores</td>
</tr>
<tr>
<td><a href="http://www.songbird.org">www.songbird.org</a></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TransFair USA</td>
<td>Promote Fair Trade Certified coffee in the USA.</td>
<td>40 cooperatives/groups of cooperatives worldwide</td>
<td>Dunkin’ Donuts, Millstone (P&amp;G), Green Mountain Coffee, Peet’s Coffee and Tea, Caribou Coffee, Starbucks, Seattle’s Best Coffee, Thanksgiving Coffee, and more</td>
</tr>
<tr>
<td><a href="http://www.transfairusa.org">www.transfairusa.org</a></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other groups</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Wildlife Federation</td>
<td>Protect wildlife and habitat.</td>
<td>Cooperatives in Latin America</td>
<td>Green Mountain Coffee</td>
</tr>
<tr>
<td><a href="http://www.nwf.org">www.nwf.org</a></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organic Coffee Association</td>
<td>Promote the high standards of third-party certified organic coffee.</td>
<td>13 farms in Latin America</td>
<td>18 specialty roasters, nine importer/brokers, three retailers</td>
</tr>
<tr>
<td><a href="http://www.orcacoffee.org/">www.orcacoffee.org/</a></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TechnoServe</td>
<td>Help small-scale coffee growers in Latin America and Africa increase their incomes and living standards; link producers and consumers.</td>
<td>Several farmer cooperatives in Nicaragua, El Salvador, and Tanzania; winners of Cup of Excellence awards</td>
<td>Proctor &amp; Gamble, Peet’s Coffee and Tea</td>
</tr>
<tr>
<td><a href="http://www.technoserve.org">www.technoserve.org</a></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*The Songbird Foundation works in close collaboration with TransFair USA, Oxfam America, and Global Exchange.
return to distinct brands and pursue quality. In an interview with the author (San Salvador, 15 July 2003), Miguel Valiente, director of ABECAFE (Asociación de Beneficiadores y Exportadores de Café), El Salvador’s largest coffee producer organisation, noted:

Relations between producers and buyers were much more personal before. They would see each other at least once a year. Now business takes place in a different way. ... One way to revive the values of the past would be to promote client–producer relations with visits to the farms, and to encourage constant communication between producers and buyers.

Initially, sustainable coffee campaigns did not focus directly on producer–buyer relations. Growers often did not understand buyers’ preferences and quality specifications; buyers did not necessarily know about the produce of smaller farms. In line with Miguel Valiente’s wish, USAID has started to support initiatives to assist small- and medium-sized coffee farms to improve the quality of their product and form business linkages with the speciality coffee roasters that pay top dollar for premium beans (USAID 2003).

The effort to raise quality and tap into exclusive market niches often includes the acquisition of organic, Fair Trade, and other certifications. Though the amount of coffee sold under these terms—at prices that are about double the current market rate—is very small, it is growing consistently. For example, the 11 cooperatives that form El Salvador’s Fair Trade Association APECAFE (Asociación de Pequeños Productores de Café de El Salvador) increased their premium sales from 66,000 lb in 1999 to 198,000 lb in 2002. Their principal market is Japan, but the Neumann Group recently contracted to buy coffee from ten APECAFÉ cooperatives that participated in a Rainforest Alliance programme (administered by the Salvadoran conservation group SalvaNATURA) to help farmers improve the quality of their coffee and undertake the transition to organic production (Asencio 2003; Bellosi 2003).

Another group of Fair Trade cooperatives, Manos Campesinas in Guatemala, sold 528,000 lb of coffee at the agreed price of US$1.26/lb (or US$1.46/lb if organic) in the 2002/2003 harvest, up from 132,000 lb in 1998. The premiums from Fair Trade and organic sales have helped farm families stay on their land, improve their homes, send their children to school, invest in improvements to their farms, and in some cases contribute to collective social programmes. Manos Campesinas credits its success in part to TransFair USA’s efforts to promote its coffee to buyers, and to NGO support that has made it possible for the group to be represented at North American speciality coffee trade shows (Bollen 2003).

The NGO TechnoServe has launched an effort to help premium coffee growers in Latin America and Africa earn better prices, regardless of whether their coffee is certified by another NGO. Over the past few years, TechnoServe has played a key role in organising Cup of Excellence competitions in Brazil, El Salvador, Guatemala, and Nicaragua. This is a tasting event designed to identify and promote the host country’s best-quality coffees, with ‘blind cuppings’ conducted by national and international judges. In July 2003, the 31 winning coffees from El Salvador were offered for sale to international importers and roasters during a special Internet auction. Father-and-daughter coffee growers Mauricio Batlle Mena and Aida Batlle broke international records, receiving US$14.06/lb for 2700 lb sold to bidders Solberg & Hansen. It was the highest price ever paid for coffee sold via the Internet. The Batlles have committed to continue paying their coffee pickers a wage 50 per cent higher than the legal rate. All 31 lots of coffee were sold to speciality roasters and international buyers at an average price of US$3.44/lb—more than four times the ‘C’ price (TechnoServe 2004). TechnoServe also works with large and small coffee growers to help them improve the quality of their coffee and to gain access to higher-paying markets.
Focusing on the environment

Nineteen major coffee-growing areas are in what CI calls ‘biodiversity hotspots’. Coffee is thus a central commodity in CI’s efforts to conserve biodiversity, and its Center for Environmental Leadership in Business encourages coffee roasters to integrate environmental and social considerations into their purchasing. In partnership with Starbucks, CI developed the coffee industry’s first global green coffee purchasing guidelines and began certifying Conservation Coffees. Presently, CI and Starbucks are working with the Colombian Coffee Federation to promote coffee production methods that ‘provide conservation opportunities, economic and social benefits for coffee farmers, and high coffee quality. In return, farmers receive a price premium for their coffee that is well above the local market price’ (Conservation International 2001b, 2003).

More recently, Rainforest Alliance and Kraft Foods have entered into a partnership to promote coffee production that is sustainable for the land and for workers. In an unprecedented multi-year arrangement, Kraft Foods has committed to purchase over five million pounds of coffee in the first year from farms in Brazil, Colombia, Mexico, and Central America that have been certified by Rainforest Alliance as managed in a sustainable manner. Ongoing monitoring and verification of compliance by these farms will be provided by Rainforest Alliance and members of the Sustainable Agriculture Network (SAN) (Kraft Foods 2003).6

This arrangement commits Kraft Foods to increasing purchases of certified coffee, paying more to farmers that employ sustainable farm-management practices, and extending the company’s engagement with coffee-producing communities by supporting further development of the SAN, including the training of local specialists to help farmers achieve certification. Rainforest Alliance will continue to train local auditors and build alliances among farmers, NGOs, coffee associations, and agricultural research institutions. How much more than the ‘C’ price Kraft will pay certified producers and how it will support the SAN are not publicly specified. Still, this partnership suggests that the broad-based concept of sustainability is entering the mainstream of the coffee industry.

Buying into Fair Trade

In autumn 1999, Global Exchange approached then-CEO Howard Schultz about offering Fair Trade certified coffee in Starbucks stores. The company was hesitant, voicing concern about low quality. The NGO responded by organising several peaceful protests in front of Starbucks stores in Seattle. A few months later, fair trade campaigners put their request to Starbucks stockholders at their annual meeting. The response was a ‘drop in the bucket’; the company announced a one-time Fair Trade purchase of 75,000 lb, or about 30 lb per store. Global Exchange’s next step was to circulate an open letter, asking Starbucks to do more to see that coffee farmers get a fair price. Thirty demonstrations at Starbucks stores across the USA were scheduled for 13 April 2000. On 10 April, Starbucks announced an agreement with TransFair USA. Global Exchange called off the protests; Starbucks introduced a Fair Trade blend and agreed to develop educational materials for employees and customers. In October 2001, Starbucks promised to buy one million pounds of Fair Trade coffee in the next 12–18 months. The company still seems committed to maintaining Fair Trade certified coffee in its line-up, and has begun working with at least one Fair Trade coffee cooperative—PRODECOOP in Nicaragua—to help it to produce more coffee that the company will buy (James 2000; Levi and Linton 2003).

Now advocacy groups are targeting the ‘big four’. In 2003, Procter & Gamble agreed to begin offering Fair Trade certified coffee through Millstone, its speciality coffee division. The agreement came in response to a grassroots campaign by Global Exchange, Oxfam America, Co-op America, the Interfaith Fair Trade Initiative, and the corporation’s shareholders. Thousands of

April Linton

Development in Practice, Volume 15, Numbers 3 & 4, June 2005

608
people sent letters, faxes, and e-mails to Procter & Gamble demanding that it offer Fair Trade coffee. A press release reports that the agreement comes in response to dialogue with shareholders about the company’s practices, as well as pressure from consumers, people of faith, human rights activists, and humanitarian organisations. When Procter & Gamble announced that it would offer Fair Trade certified coffee through Millstone, the advocacy groups agreed to suspend their campaigns against the corporation and the shareholders withdrew the resolution they had filed on the issue (Orth 2003).

All in all, industry partners—especially the larger speciality roasters—are still very cautious about long-term links to fair trade groups. This is largely because fair trade criteria do not include a statement on quality. As Donald Schoenholt (2001), specialities editor for the Tea and Coffee trade journal, notes, ‘A guaranteed premium price without a guaranteed premium cup is not sustainable’. Schoenholt asserts that while the fair trade movement is laudable, it does not always provide laudable coffee. Coffee of lesser quality is not interesting to speciality buyers. This issue is now fully on the agenda of fair trade promoters and is the focus of efforts to facilitate producer-buyer relations. But many speciality roasters are, justifiably, still wary of a certification system that detaches price and quality (Linton et al. 2004).7

Meanwhile, Fair Trade cooperatives and the second-tier organisations that represent them are fighting against the possibility that larger, owner-operated farms could qualify for Fair Trade certification. While the market for sustainable coffees seems to be growing, producers are well aware of its limits. As APECAFÉ’s Coordinator of Small Producers put it:

Big farms, especially the beneficiaries [that process their own coffee until it’s ready for market], already have better access to credit and receive more of the export price. These producers could totally capture the fair trade market because it’s easier for buyers to deal with a few big farms than with many small ones. What we really need is a social change much greater that certifying the big farms. (Quoted in Asensio 2003)

A sustainable coffee industry? Challenges and opportunities

The results of consultants Giovannucci and Koekoek’s (2003:69) survey of coffee purveyors and roasters indicate factors that the industry deems most important if the sustainable coffee market is to expand, namely consistent and reliable sources, quality, clarity between different types of certifications, and consumer awareness about these coffees. These issues frame the discussion that follows, which concludes by introducing a fourth actor: government.

Reliable sources and consistent quality

All coffee roasters—from small speciality companies to industry giants—stake their future on being able to provide what their customers expect. For speciality roasters this means variety as well as high quality; for mass marketers it means consistency. The NGO–corporate partnerships described in this article all reflect efforts to incorporate a sustainable-production criterion into a company’s purchasing decisions. The businesses clearly do not share a uniform definition of reliable supply or cup quality, and the resulting agreements are unique in terms of the commitments they encompass. Some may argue that certification schemes that allow farmers to receive less than the Fair Trade price or some use of chemical fertilisers and pesticides are watering down sustainability standards. Yet the introduction of such certifications (e.g. Rainforest Alliance Certified) has greatly increased corporate participation in the sustainability movement as well as the potential for more individuals involved in production (e.g. large farm owners and landless plantation workers) to benefit.
These developments suggest that NGOs are wise to help producers grow the kinds of coffee that speciality buyers want and to foster connections between producers and buyers. More could be done to expand the variety of coffee that qualifies for a certification of sustainability. This means US-based NGOs expanding their focus to include coffee-producing regions in Africa and Indonesia, and/or strengthening their ties with the European NGOs that do work in these places. It also means additional efforts to include coffees that the makers of canned and instant coffee buy, including robustas.

**Too many certifications?**

Giovannucci and Koekoek (2003:36) predict that:

> ... the industry is clearly headed for a shakeout of the many initiatives. It is likely that the survivors will a) have true international credibility with farmers, their representatives, and consumers; b) be verified by independent certification; and c) will be simple and accessible enough to satisfy both the farmer's and the corporate bottom line.

On the other hand, Levi and Linton’s (2003) interviews with coffee retailers did not yield evidence that multiple certifications confuse customers. No certifying agency claims to represent a mutually exclusive situation whereby only coffees with a particular label are protecting the environment, ensuring the existence of bird habitat, or guaranteeing the sustenance of small farmers (Lee 1999). Certification campaigns attract media attention and help people see some connection between their daily beverage and the producing country. In the words of coffee expert Timothy Castle (2001:online source):

> Today the issues that consumers are asked to consider are becoming so numerous that the industry has started looking at all of these coffees as ‘issue’ coffees, and to some extent considering them interchangeable—as if there were some amorphous worry or concern on the part of the consumer that might be generically addressed by any of several anxiety-relieving certificates.

Whether or not businesses and NGOs will ever agree on and develop a ‘super seal’ for sustainable coffee remains to be seen. But there is no evidence to date that activists or the industry are moving in this direction. That NGOs and corporations are taking multiple approaches to certification seems in line with the conclusion of management researcher Anja Schaefer and co-authors (Schaefer et al. 2003:211) that “‘greening’ is only likely to persuade managers of the need and feasibility of change if it does not question the basic premises by which their enterprises operate’.

**Consumer awareness**

In order to change society’s norms regarding the need for sustainable goods in the marketplace, the message must extend to consumers who as yet remain indifferent to concerns about workers and the environment in other countries. There still remain large consumer markets that are either unaware that they have the option of purchasing coffee produced in a sustainable way, or simply have not been persuaded to do so. Tapping into the coffee industry’s resources to help promote a message of sustainability has certainly helped NGOs (with almost non-existent advertising budgets) spread that message. In reaching out to Proctor & Gamble shareholders and consumers of brands such as Folgers, advocacy groups have begun to mainstream the demand for coffee produced in a sustainable way, but there is clearly much more to be done.

Activism in relation to coffee production and the NGO–corporate alliances emerging from it could eventually have cumulative norm-changing effects, to the extent that consumers would start
to wonder about non-certified products. This has been the case for dolphin-safe tuna and cruelty-free cosmetics. ‘Certification systems offer the possibility of raising public awareness to the point that unlabeled products will be increasingly resisted by consumers and laws to curtail repugnant environmental and labor practices will be pressed upon governments’ (Conroy 2001:15).

The role of governments and inter-governmental organisations

In January 1999 UN Secretary-General Kofi Annan exhorted world business leaders to ‘embrace and enact’ the UN Global Compact, whose nine principles covering human rights, labour, and the environment ‘unite the powers of markets with the authority of universal ideals’ (Pike 2001). This is precisely the goal of third-party certification schemes. The Global Reporting Initiative (GRI), an organisation dedicated to standardising corporate sustainability reporting, estimates that more than 2000 companies voluntarily report their social, environmental, and economic practice and performance. But critical analysts are not ready to embrace this trend as a new model for global corporate governance. For example, Gary Gereffi et al. (2001:57) argue that ‘certification remains a blunt and imperfect tool for augmenting the accountability of global firms’.

One reason for their scepticism is that certifiers compete for legitimacy among advocacy groups (and, in some cases, consumers) as well as for adoption by multinationals. There is no guarantee that the best standards will win these battles. ‘Some observers even fear that certification driven by activists and corporations will pre-empt or supplant altogether the role of states and international organizations in addressing corporate accountability as free trade expands around the globe’ (Gereffi et al. 2001:57). It is possible that voluntary certification initiatives may allow entire industries to block the development of international labour and environmental laws directed at multinational companies.

Despite these deep reservations, Gereffi et al. (2001) believe that the strength and influence of certification initiatives are rising. In fact, certification is transforming traditional power relations in the global arena. Third-party certification and monitoring may soon become the norm in many global industries, including coffee. The challenge that activists now face is to avoid a situation in which market forces and the push towards standardisation lead to lowest-common-denominator certification.

In the broader scheme of things, certification seems to work best in tandem with trade agreements like NAFTA and in countries with stringent labour and environmental standards, especially the countries of Northern Europe. In countries with relatively new or ineffective labour and environmental laws, certification can draw attention to uneven standards. ‘The challenge is for states to accept certification not as a threat but as an opportunity to reinforce labor and environmental goals within their sovereign territory and beyond’ (Gereffi et al. 2001:65).

Consumers and firms are key to meeting this challenge. Consumer action is political participation in that it mobilises public opinion. This not only demands a new standard from businesses but also puts an issue on the political agenda. In turn, firms are likely to lobby for appropriate government action (Smith 1990). In the future, the targets of sustainable coffee activism will be national governments, the WTO, and the World Bank. If human rights and environmental protection are to be supported, the burden falls upon the institutions that implement the market and its regulation (Tavis 2002).

Conclusion

The movement to ensure that coffee production is sustainable for workers and the environment is one of many efforts to ‘civilise’ globalisation, making it more responsive to social needs and
to fill the social void it has wrought. When consumers place pressure on corporations to institute and maintain certain social and environmental standards, new standards do emerge via self-regulation. In turn, corporations or NGO–corporate partners may respond by lobbying governments or inter-governmental bodies for laws applying to an entire industry (Heldman 2002). To a large extent because of education and/or pressure campaigns by NGOs, the speciality coffee industry has committed itself to promoting sustainable coffee. Now the movement is starting to reach the mainstream, a development that brings both opportunities and challenges. While it is clear that coffee producers, consumers, and firms all have reasons to care about sustainability, there is considerable variation in how much they care—in the degree to which incentives exist to prioritise sustainability above prices and short-term profits. NGO–corporate partnerships are a step towards raising these incentives, but they must work with governments and governmental organisations to institutionalise sustainable practices.

Notes
1 I use ‘NGO’ to refer to local, national, and international NGOs.
2 The internationally accepted criteria for Fair Trade coffee are: (1) purchase directly from small farmers organised into democratically managed cooperatives; (2) guarantee a floor price when market prices are low; (3) offer farmers credit (an obligation of the importer); and (4) promote long-term relationships between importers and farmer cooperatives.
3 As stated by the Rainforest Alliance (2003), ‘[t]he certification standards guide farmers toward true sustainable agriculture and give independent auditors a yardstick with which to measure improvements. Farms that meet the standards are awarded the Rainforest Alliance Certified™ seal of approval, which is a prestigious badge that can be used to market farm products. This program is unusual in that it includes both social and environmental standards and unique in that it is managed by a coalition of local groups that understand their culture, ecology, farming traditions and governments.’
4 ‘Starbucks exclusive single-origin coffees purchased directly from the source’ (Starbucks Corporation 2003).
5 This, Nestlé spokespeople told interviewers from Oxfam International, is because the company has incurred large fixed costs such as expensive processing plants and manufacturing technology for its instant coffee. When the price of green beans gets too low, it is difficult for Nestlé to compete with companies that have not made such sizeable investments (Gressler and Tickell 2002:27).
6 The Sustainable Agriculture Network (SAN) encompasses more than 750 national and international subscribers and is closely associated with the US Department of Agriculture’s Sustainable Agriculture Research and Education (SARE). The network includes producers, members’ administrative councils and technical committees, and NGOs throughout the USA that are working to promote sustainable agricultural systems.
7 Some activists are also suspicious of large speciality roasters—let alone the ‘big four’—buying into fair trade. Laure Waridel (2002:105), co-founder of the Canadian NGO Équiterre, remarks that ‘some roasters appear to be using fair trade to shield themselves against criticism from consumers and are making little effort to promote their fair-trade brands. Some appear to have adopted fair-trade coffee in order not to lose customers rather than as a means of assuming their responsibility towards coffee farmers. They talk about it as a new trend, like flavoured coffees. Some retailers show a serious lack of information in answering questions about fair trade’.

References
Bollen, Jerónimo (2003) Personal interview conducted by David Holiday and April Linton, Quetzaltenango, 5 August.
April Linton


The author

April Linton is Assistant Professor of Sociology at the University of California, San Diego. Her work encompasses many aspects of globalisation, including international migration, transnational social movements, and the intersecting effects of policies on trade, development, and the environment. Contact details: University of California, San Diego, Department of Sociology, 401 Social Science Building, 9500 Gilman Drive—0533, La Jolla, CA 92093-0533, USA. <aplinton@ucsd.edu>