



## ISSUE OF THE YEAR

### THE SPLINTERED STATE OF FAIR-TRADE COFFEE

When Fair Trade USA announced last September that it was splitting from longtime parent organization Fairtrade International, the feedback from some segments of the American fair-trade-coffee community was biting and resounding. "It's a betrayal," Rink Dickinson, co-executive director of roaster Equal Exchange, told *The New York Times*.

Seemingly overnight, the country's fair-trade arena became fractured—and a whole lot more confusing to the average specialty coffee professional. For well over a decade, American coffee companies had used the certification as a tool to clearly communicate business and sourcing ethics to customers. However, in the months since FTUSA's announcement (and official separation from Fairtrade International on Dec. 31), Equal Exchange and others have worked to voice their displeasure with FTUSA and to encourage American companies to move away from the organization. In addition, new fair-trade bodies and logos have begun preparation to enter the market.

No longer is the concept as streamlined as it once was, a fact that is causing fair-trade-backing roasters to re-evaluate their approach to coffee certification and that could cause struggles when it comes to consumer education. "We've entered a stage now of confusion and competition as opposed to consolidation and collaboration," says Jeff Goldman, executive director of the Fair Trade Resource Network, an independent nonprofit that observes and reports on the fair-trade movement. "That confusion does feel a bit frustrating. It gets very hard to explain what fair trade is when there are many different versions of fair trade and they all have different parts."

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FTUSA's decision to separate from Fairtrade International was part of a plan to grow fair trade on both ends of the supply chain. Last year FTUSA unveiled a push called Fair Trade for All, with the stated goal of doubling the organization's impact by 2015, and it felt it could more effectively do so by flying solo. As part of its long-term effort to bring more producers into the system, FTUSA launched a pilot project to open fair-trade certification to estates and small independent farmers, and it was this idea that sparked the wrath of Equal Exchange and a group of other fair traders who hold strongly to the notion that when it comes to coffee growing, only small farmers organized into co-ops should be eligible for fair-trade premiums and other producer benefits.

A handful of FTUSA's "competitors" are now aiming to court roasters and other companies that want to stick to the cooperative-only vision of fair trade. Fairtrade International, which until the split was represented by FTUSA in the United States, last month formed a consultative group of American marketers as well as producers that supply them. The goal is

to develop a strategy to bring Fairtrade International—and the group's logo—into the American coffee market. "We hope to build an organization that truly represents the diversity of fair trade in the United States and includes a strong producer voice," says Reykia Fick, Fairtrade International's media relations manager.

In addition, a group of roughly 300 small fair-trade co-ops in Latin America and the Caribbean called CLAC has developed its own certification mark, the Small Producer's Symbol, which is just now beginning to show up on the products of Equal

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Exchange and a handful of other roasters.

Add to that jumble the fact that FTUSA altered its own logo as part of the Fair Trade for All push and that the Institute for Marketology (IMO), yet another certifying body (known for its Fair for Life mark), is grabbing more attention, and you have a fair-trade landscape that is forcing roasters into some tricky soul searching.

Do they continue working with Fair Trade USA and support the organization's new ideas about growth and farmer eligibility? Or do they switch allegiances to other organizations that retain the cooperative-only model but feature logos without the U.S. market recognition of FTUSA's? "The short answer is, 'I'm just not sure,'" says Richard Duncan of Addison Coffee Roasters in Addison, Texas, a company that is a current FTUSA licensee. "While I am more comfortable with the original, 'purer' fair-trade concept, I am doubtful of switching to alternative certifications." He adds that many of his company's wholesale accounts rely on the FTUSA logo and marketing materials to brand their establishments.

Darren Pierce is co-owner of Massachusetts-based Pierce Bros. Coffee Roasting, a FTUSA licensee that offers a 100 percent fair-trade product line. He plans to remain committed to FTUSA, saying the estate pilot program should be given a chance to prove itself. "This is a system that's taken so long to establish," he says. "I'd rather hear more debate and see what happens as opposed to just condemning it so soon."

FTUSA, for its part, has remained diplomatic throughout the clearly trying process, even while former allies have grilled the

group in public forums. Mary Jo Cook, the organization's chief impact officer, says the idea of several different fair-trade labels in the U.S. market isn't one that bothers her. IMO and others, in fact, have co-existed with FTUSA (formerly called Transfair) for years. "At the core, fair trade is a movement, not a brand," Cook says, noting that fair-trade coffee still only represents about 5 percent of the total U.S. market. "The way a movement like this is most likely to grow is when you have different organizations taking different approaches, all under the same umbrella. The more organizations who are doing things to get the word out about fair trade, frankly, the better."

But other stakeholders say there's only so long that multiple fair-trade voices can continue trying to chirp in the ear of coffee companies and consumers. "We are entering a kind of marketplace competition that you saw, for example, with BluRay and DVD HD," says Equal Exchange spokesperson Rodney North. "Which of these seals, if any, will establish a dominant position?"

Most small roasters' biggest wish at this point is for the movement to regain a sense of cohesiveness. That's not the direction the situation seems headed, however. "I am discouraged that it is happening, especially in a time when some are already casting doubt on the fair-trade concept, and even the validity of certifications in general," says Addison's Duncan. "I understand that there are reasonable arguments on both sides of the issue, but it seems likely that the split will further erode the public's faith in the concept and will certainly turn more roasters against fair trade."

## MORE TRENDS TO KEEP TRACK OF

### RESPONSE TO GLOBAL WARMING

The notion of rising temperatures and altered weather patterns in coffee-producing regions is nothing new to anyone who has attended an industry trade show or talked to a producer rep in the last five years. But recently, the tide has shifted from discussions and studies about climate change to actual action.

The SCAA's annual Sustainability Award, for instance, was awarded to California-based Thanksgiving Coffee earlier this spring. The roaster was honored for its ongoing work helping the 1,800-member Dukunde Kawa co-op in Rwanda deal with new weather patterns that have the potential to wreak havoc on production. The thrust of the project is the development of shade-tree nurseries near the coffee fields. The plantings will be used to cool farms, protect coffee trees and stabilize topsoil. The project, conceptualized by co-op members, also involves several NGOs that add funding and logistical expertise, and it has resulted in the planting of more than 170,000 shade trees in two years.

Another example of on-the-ground work to address the current climate realities can be seen in a new Rainforest Alliance "climate friendly" verification that has been awarded to a pair of farms—Finca El Platanillo in Guatemala and Daterra in Brazil. To gain the verification, the farms focus on both cutting their own emissions



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and working on reforestation and soil conservation to make their operations better equipped for floods and other consequences of erratic weather.

## A RETURN TO MECHANIZED DRIP?

The pendulum was bound to swing back. After several years of increasing numbers of pour-over, Chemex and other hand-crafted single-cup setups on café counters, the industry is now starting to see renewed love for machine-based drip coffee. The most notorious example to date may be Los Angeles' Handsome Coffee Roasters, which opened its much-hyped retail space earlier this year with nary a single single-cup device on bar. Former WBC champ Mike Phillips and his co-owners Tyler Wells and Chris Owens chose instead to feature the output of a highly programmable batch brewer. It's an understandable move for a busy café, theoretically guaranteeing consistency and freeing up time for baristas to focus on espresso and customer service.



## WINTER WONDERLAND

For many U.S. shop owners, late spring marks the time when consumer spending starts to follow the lead of the thermometer and warm up a bit. But many operators in northern states may not see much of an uptick—because a strong end to 2011 set the stage for a better-than-average winter. According to the most recent SCAA Quarterly Sector Report, which looked at the calendar fourth quarter of last year, coffeehouse sales increased 8 percent in November (compared with November of 2010) and then 11 percent in December. According to surveyed operators, the strong numbers could be attributed to three factors: price increases they put in place earlier in the year, unseasonably warm weather in December and increasing consumer optimism.

*The full SCAA Sector Report is available at the SCAA's Online Store at [scaa.org](http://scaa.org). ®*

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