NGOs in Trade

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Structure

1. NGOs in trade: activities & concerns
2. Pioneering ‘alternative’ & ‘fair’ trade
3. PNG & ‘fairtrade’ coffee
1. NGOs in trade: activities & concerns

- **NGOs changing role in trade:**
  - Global watchdog advocating for public regulatory reform;
  - Actively creating new governance structures to provide ‘alternative/fair’ trade pathways.

- **NGOs & their mandate:**
  - ‘ecological sustainability’: e.g. Greenpeace, WWF
  - ‘women’s rights’: e.g. Amnesty
  - ‘labour rights’: e.g. International Labour Rights Forum
  - ‘corporate accountability’: e.g. Oxfam
  - ‘fairness’ (addressing ‘unequal exchange’): e.g. FLO
‘Unequal exchange’? Coffee crisis

Volatile Global Market:

*represents price averages for a composite of 15% Colombian Milds, 30% Other Milds, 20% Brazilian Naturals & 35% Robustas.

Source: International Coffee Organisation (ICO) 2008
Value Distribution in the Coffee Market: 1975 - 2000

Source: Talbot 2004, pp. 167-168
2. Pioneering ‘alternative’ & ‘fair’ trade

NGOs, developing countries & trade:

- **1940/50s (US/EU):** NGO trade activity begins
- **1954:** First ‘world shop’ in the US
- **1964:** Oxfam UK launches first ‘ATO’
- **1989:** Collapse of economic provisions of ICAs
  Max Havelaar & ‘fairtrade’ labelling
  World Fair Trade Association (formerly IFAT) est.
- **1997:** Fairtrade Labelling Organisations (FLO) International est.

FLO governance:

**FLO:**

**FLO-Cert:**
Commercial company, certifies products, audits trade.

**NLIs:**
Own FLO & FLO-Cert. Promote Fairtrade & award labels in their home markets. Campaign for fair trade.
FT in coffee

Product assurances:
- Long-term trade
- Sustainable Income (COSP)
- Social Premium
- Collective marketing
- Pre-financing/credit (up to 60%)

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<tr>
<th>FT Prices: Unwashed/Washed (2008)</th>
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<tbody>
<tr>
<td>FT</td>
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<td>120-125c/lb (Arabica)</td>
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<td>101-105c/lb (Robusta)</td>
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3. PNG & ‘fair trade’ coffee

Accessing fair trade markets:

- Producers need:
  - Financial capacity
  - Communications infrastructure
  - Minimum requirements, e.g.:
    - Democratic organisations
    - Transparency
    - Export capacity & buyer
  - Increasingly Organics certification
    (1998-2007 71% of FT coffee in US double-certified)
Global trends in FT Access: Coffee

Uneven access:
- 88% global FT coffee production from LA origins (2002)
- 75% production for US FT market from LA origins (2006)
- PNG only FT producer in the Pacific!

Limited market:
- Problems taking on new suppliers
  - FT coffee accounts for less than 2% of individual markets
- Problems catering to existing suppliers:
  - < 20% of FT coffee production purchased with FT premium
    (Giovannucci & Koekoek 2003, 39)
Fairtrade in PNG: 2007/2008

- **Certified coffee:**
  - 4% of total coffee exports
  - 62% FT/Organic; 20% Organic; 11% FT
  - 2 exporters, 4 cooperatives, approx. 4000 growers + families

- **FT: Opportunities & problems**
  - Exporters key for producer access *but* limited govt. & NGO support
  - FT premium used for purchase of: medicines/mattresses; books, desks, fuel for district dozer (to build roads)
  - Democratic structure posing problems: 2 coops currently suspended!

A role for NGOs in trade?

- **NGO trade:**
  - Applied critique of trade regime
  - *But,* still limited alternative
  - *Question:* is NGO trade diverting attention from conventional markets which most growers supply?

- **Growing the ‘fairtrade’ market**
  - May need to be customised for regions/countries
  - Requires on the ground support to build capacity
  - Requires a global market that can absorb more supply!
Thank you!

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