

Why small producers have big concerns about multinationals joining Fairtrade

By [Agatha Herman](#)

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Fairtrade products and promotions are covered with photos of smiling producers, but behind the marketing gloss not everyone is so happy.



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Becoming a Fairtrade producer – and maintaining required standards – can be complex and ambiguous, with continual market and organisational challenges. And, since Fairtrade started to allow major multinational corporations – including [Nestlé](#) and [Starbucks](#) – to join in recent years, producers are beginning to question the scheme’s aims.

For the past two years, I have been working with Fairtrade [wine producer communities](#) in Argentina, Chile, and South Africa. While I found they recognise the [benefits of being associated with Fairtrade](#), there are downsides that consumers often do not know about.

Set up more than 20 years ago, [Fairtrade International](#) positions itself as a connector between disadvantaged producers in developing countries and consumers, [building and supporting](#) strong, direct and long-term relationships.

[Nearly 80% of UK consumers](#) recognise the Fairtrade mark. With many big [supermarkets](#) now involved, sales – of [things like](#) bananas, coffee and sugar – [are growing every year](#).

Across the world, 1.65 million farmers and workers – totalling 1,226 “producer organisations” – [are Fairtrade certified](#) and display the Fairtrade mark on products.

For small producers and workers, Fairtrade offers huge opportunities far beyond just selling produce. Farmworkers' communities in the Western Cape, South Africa, for example, have also benefited from improved education, physical and mental health care, community interaction and housing.

Some workers also talk of better relations with their white owner-managers, though for others the legacies of apartheid have proved more persistent. But, from my findings, it seems that the longer a farm has been Fairtrade the more likely it is that traditional worker-owner relations are challenged.

High standards

For the small grape producers of Argentina and Chile, Fairtrade has been a lifeline in a market dominated by large multinational corporations. "If we lost Fairtrade ... I would die as a producer, it is not profitable," one Chilean producer told me.

In 1997, when this producer's association was first approached by an European Fairtrade organisation, they couldn't believe their luck in terms of the prices they were offered. As the producer remembered: "...in those years we produced 20,000 kilos per hectare. Then we said 'if the gringos pay so well, we'll continue producing at those levels'.

"It turned out in 2001 that our wine was bad ... they told us 'if you improve, we continue buying. If not, no'. From there, we transformed completely..."

Understandably, Fairtrade has high standards to maintain. Now the association grows fewer, higher quality grapes in more environmentally friendly ways, resulting in better wine. This is one of Fairtrade's key benefits: it helps producers understand exactly what consumers want.

Level playing field?

But these benefits do not come easy. In Argentina and Chile, small producers are struggling with [large corporations joining the Fairtrade system](#). Though these brands buy Fairtrade ingredients – a win for farmers – producers are now competing for certified shelf space with multinationals. Another small Chilean producer told me:

“ Every day there is more competition... the big companies certify, in the case of wine in Chile like Concha y Toro, like Cono Sur, like Miguel Torres. They have everything cheaper because they have wineries bottling plants, specialised people selling... it is very difficult to compete and the doors are closing. ”

Tensions are rising – and producers are questioning who Fairtrade should support. It was established as the [champion of small producers](#) but as the market has grown it has become more attractive to big companies – and Fairtrade is letting them join. The manager of a Chilean producer association told me in 2016:

“ Do you think that Concha y Toro deserves to be so privileged in this market? No... that is not why Fairtrade was invented. ”

The entrance of big companies is having serious knock-on effects that could undo any boosts to small producers. One boutique winery in Argentina is no longer able to support the Fairtrade association of small producers it helped to establish because it cannot compete with multinationals' low prices. More generally, South America's small producers are

overwhelmed by the paperwork involved and struggle with the business expertise and language skills needed.

South African farmer-owners are also frustrated by the minefield of ever-changing regulations. One questioned Fairtrade regulators' experience in farming and business, adding: "... whatever they think would be nice to put in, they put in not realising what the implications are".

Partnerships

When told of the producers' concerns, Sarah Singer, Fairtrade Foundation supply chain manager, said: "Working with big companies and supporting small producers and workers is not mutually exclusive. Fairtrade exists to challenge the inequalities and power imbalances in trade so that farmers and workers from developing countries get a better deal.

"We work in partnership with farmers and workers, they co-own our system and it is they who decide whether to work with bigger companies. They are often keen to do so because this creates more opportunities to sell greater volumes of their produce, at higher prices and the security of longer-term business relationships which means they can invest in improvements to their farms and their communities."

For the small farmers of South America who have seen their non-Fairtrade neighbours uprooting vineyards to sell to developers and for workers in South Africa, Argentina and Chile who are experiencing community development, Fairtrade remains a good opportunity. But – despite Fairtrade's assurances – whether only small producers and workers should be supported and how, or if there is a place for big companies too, requires further discussion and better communication.

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