

Fair Trade Plus: The Experience of Café Justicia and the Campesino Committee of the Highlands



*CCDA member on her organic coffee plot near
San Lucas Tolimán*



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Maria Carbonetti

Preface

Fair Trade Plus: The Experience of Café Justicia and the Campesino Committee of the Highlands is the English version of an original document written in Spanish by the Comité Campesino del Altiplano (CCDA) and is part of a community service learning project accomplished entirely by the students of SPAN 207 (section 201) at the University of British Columbia in Term 2 of 2013. These students are: Angel Chang, Tiana Gale, Shannon Hecker, Samuel Hatchinson, Saki Ijiri, Shiori Ito, Natalie Kalb, Maggie Kirkpatrick, Carrie Lai, Kevin, Masson, Anne Mazin, Pia Mena, Juanpaolo Mercado, Christopher Nance, Maciek Piskorz, Edgar Proutheau, Daniel Shur, Matthew Shepperd, Maneli Shirgiri, Kyle Van Kampen, Woollard Geoffrey, and Sule Yayci.

The students had the opportunity to enrich and to practice their language skills for a good cause. They are delighted to have been able to make a contribution to the work of the CCDA and are proud to show their solidarity with this organization. Thanks to this opportunity, they were able to discuss the benefits and challenges of fair trade, to learn about the history of Guatemala and the current living conditions of its indigenous communities, and to reconsider Canada's role in international development.

We hope that this is only the first of many more projects of mutual commitment and learning through solidarity.

If you have any inquiries, please contact Maria Carbonetti at maria.carbonetti@ubc.ca.

Sincerely,

Dr. Maria Carbonetti and her SPAN 207 class

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Fair Trade *Plus*: **The Experience of Café Justicia and the Campesino Committee of the Highlands**

Basic concepts for understanding the Fair Trade *Plus* model



In this section we will look at the basic concepts and goals of Fair Trade *Plus* in comparison to the current Fair Trade model, and we will also consider CCDA's position with respect to them.

The Current Fair Trade Model

Fair Trade is a movement based on dialogue, transparency and respect, which seeks to promote equity in international trade. It contributes to sustainable growth and development by offering better commercial conditions for producers and workers that find themselves at a disadvantage, especially those in the Southern Hemisphere, and by ensuring that their rights are respected. Fair Trade organizations (backed by their consumers) are actively committed to supporting producers by raising public awareness and by campaigning for change in the conventional rules and practices of international trade.

Fair Trade's Strategic Plan:

- Work directly with marginalized producers and workers to help them move from a position of vulnerability to one of independence and security;
- Strengthen the producers and workers so that they are an active part of the organizations to which they belong;
- Play a larger role at a global level in achieving equality in international trade (FINE, October 2001) and;
- Counteract the first-world consumer's obsession with cheap prices, and the harm that it does to the lives of producers, to the sustainability of their products, and to the health of the environment.

Principles of Fair Trade

Fair trade is based on the following ethical norms:

- All producers will form part of democratically governed cooperatives or other organizations.
- Child labor will not be employed.
- Men and women will be treated equally.
- Decent working conditions and respect for human rights.
- The prices paid to producers cover their costs of sustainable production and decent standards of living, and workers receive wages that permit decent living conditions
- Producers are often paid in advance, freeing them from the burden of short-term borrowing.
- The environment will be respected and high-quality, and organic production will be valued.
- Producers' control over the trading process and their share of the retail revenue from the sale of their products will be increased; the role and earnings of intermediaries will be correspondingly reduced.
- Consumers will be informed about the products' origin.

Challenges to the Current Fair Trade Model

Fair Trade implies a just price, not distorted by subsidies or other State interventions, notably those of the World Trade Organization, which advocates free trade but protects subsidies and opens markets to the surplus production from developed countries, to be sold in developing countries at prices that local producers cannot match.

Fair pricing is further distorted by monopolies on several continents that allow multinational food companies, such as Nestlé for example, to manipulate prices so as to pay a minimal amount to producers for green coffee, while North-American and European consumers continue to pay high retail prices.

Regrettably, despite the goals, principles and sound theories of the current fair trade model, it does not offer a way out of the economic crisis that the small farmers of Latin America face. Although it seeks to set a better price for the products of small and medium producers, it does not guarantee that countries like Guatemala, where the majority of the population farm for their survival, will benefit from it, simply because subsistence farmers do not export their products. For them, fair trade's promise of a fair price remains only a good intention.

Lately it has become clear that within fair trade, there are also multinational companies that seek to obtain large profits at the cost of small producers from the developing countries. Such is the case of AGEXPRONT, (Association of Non-Traditional

Exporters of Guatemala), which exports agricultural products but retains the majority of the earnings.

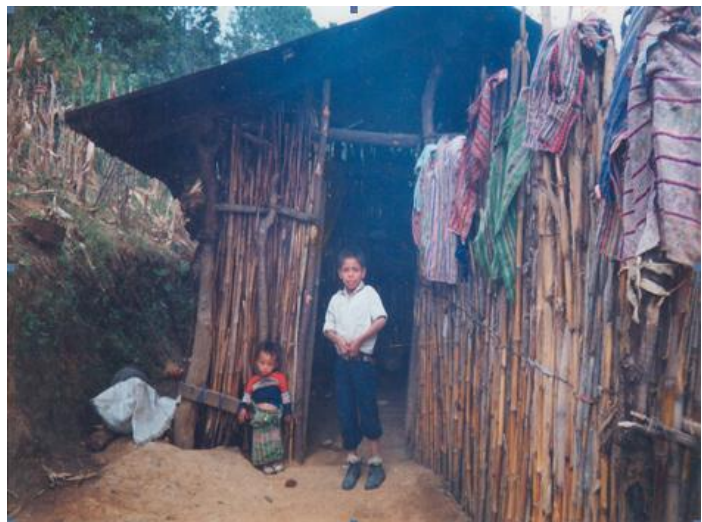
Our Proposal – Fair Trade *Plus*

Due to this situation, the CCDA proposes an alternative solidarity market that we call Fair Trade *Plus* (Comercio Justo *Plus*). The latter is more than just fair trade; in addition to marketing, it also offers opportunities for the implementation of social development projects.

Fair Trade is a movement of hope and progress. Nevertheless, it will not be an alternative so long as it is imbedded in the mercantilist economy.

Fair Trade *Plus*, as an alternative implemented by the CCDA, is based on the sale of agricultural products from small producers directly to international solidarity groups.

In the Fair Trade *Plus* model, people communicate with people through the marketing of products, which is also used to conscientize both consumers and producers. In this model of trade, consumers are made aware of the lives and work - and of the social struggles - of producers, and trade contributes to integral human development.



How to bring this about is the challenge to which this paper hopes to offer a response.

Fair Trade *Plus* as Part of the Social Struggle

The current land situation in Guatemala is key to understanding the overall project and the political/economic analysis of the CCDA, as well as its organization.

The concentration of the land in a small number of hands has divided Guatemalan society into a tiny - but very wealthy - minority and a great mass of the extremely poor. This has been a longstanding obstacle to agrarian reform in the country.

For the CCDA, this unequal distribution of the land is the fundamental cause of the current crisis of economic poverty, political exclusion, environmental exploitation and social marginalization of villagers' and indigenous peoples' culture. It is for this reason that many economic and political projects of the CCDA, most notably the Fair Trade *Plus* initiative, have as their ultimate goal the redistribution of the land in ways that will benefit the rural population.

One such proposal of CCDA is what it is called *Reforma Agraria Integral* (Comprehensive Agrarian Reform), based on four principles:

- That a fair distribution of land among the rural people is the only remedy for the poverty and the conflicts that have devastated Guatemala.
- The demand for land by poor campesinos should be attended to and resolved in order to avoid confrontations and their consequences (bloodshed and the loss of life).
- That there is also pressing need for open discussion among all stakeholders, regarding the occupancy and uses of the land, the types of agriculture to be practised and the methods to be used.
- Currently, the resolution of conflicts in rural Guatemala requires the political will of the government and all sectors involved in the land conflict in order to find a much-needed solution to the existing conflicts.

Some of the most important tools in the struggle for land and comprehensive development in rural areas can be found within the "**Agreement on Socioeconomic Aspects and the Agrarian Situation**"¹. This accord engages with themes relevant to campesinos. For example:

- The resolution of conflicts
- Access to land
- The creation of a land registry
- A Land Regulation Law
- A Law for Indigenous Community Land
- Infrastructure for crop production
- An agrarian bank, for credit assistance
- Duties/taxes for unused land
- Technical Training

The Philosophy Behind the CCDA's Social Struggles

The social struggle is the process of recuperating that which historically and legally (according to different interpretations) belongs to the petitioning group. For the

¹ The "Agreement on Socioeconomic Aspects and the Agrarian Situation" was one of the peace accords signed between the Guatemalan National Revolutionary Unity (URNG) and the government in December of 1996 that put an end to Guatemala's 36-year civil war.

CCDA, this means re-enacting and/or reinterpreting past actions (e.g. protests, campaigns, legal measures, etc.) that complement the fight for **Comprehensive Agrarian Reform**. This struggle never ceases to be historic because it continually seeks to reclaim something that has been lost in the past, and attempts to recover it in the present. The fundamental principles of the CCDA are grounded in the search for social justice, particularly in the following areas: access to land and the agrarian situation, labour rights, human rights, celebration of cultural diversity, food security and sovereignty, proposals for public policies and laws that guarantee comprehensive rural development.

The CCDA's social struggle is, in part, about the historic right to lands that were stolen from indigenous populations. The reclamation of land implies clarifying, reclaiming, and retaking lands that historically belonged to Guatemala's original peoples. These objectives are met through the clarification and interpretation of criteria that determine who is entitled to the land in question (for example, the use of historic indigenous and community documents to prove the ownership and inheritance of lands).

Land claims by indigenous communities on the basis of common law are linked to the different cultures of Guatemala's first peoples, and particularly to the cultural importance of using the land and employing their ancestral farming techniques. To reclaim the land is to reclaim indigenous life and culture.

Another example of the demands of the CCDA is that of the legislation established during the revolutionary period (1944-1954) in terms of labour laws and democratic participation. The demands take on a political form when we pressure through demonstrations, negotiations, and/or elections to the State as a means of improving conditions for rural Guatemalans.

The reclaiming of land and indigenous culture, as well as labour and democratic rights, are at the basis of the CCDA and its affiliated organizations' political and economic actions. These political actions and strategies have been honed and systematized over the years, in a large part during the internal armed conflict.

During the civil war, the social struggle began in the mountains and in secrecy; firearms, words of war, and these same mountains were all used as tools for reclamation. Currently, the struggle takes place in open sight, using the Peace Accords, the Constitution, international conventions, the RIC law, and the decentralization law as weapons. The movement also relies on the political knowledge of its members and its support bases. International solidarity processes have also played an important role.

The CCDA and the Peace Accords

Sixteen years since the signing of the Peace Accords (29-12-96), the CCDA sees Guatemala in the process of constant deterioration. This situation has been exacerbated in large part due to the implementation of a number of neoliberal policies, such as free trade agreements. The CCDA maintains that since the signing of the

Peace Accords, there has been no political will on the part of the State to follow through with its commitments. Although the forms of pressure and persuasion changed with the Accords, the factors that perpetuate poverty and the marginalization of the campesino sector continue to be the same as those that first gave rise to the internal armed conflict. One of these factors is the re-concentration of land, and state policies that facilitate the development of Guatemala's national and international business sector while simultaneously marginalizing and excluding the campesino and indigenous sectors.

The CCDA's Social Struggle and the Production of Coffee

The CCDA launched the commercial production of coffee as a means of financing its political-social struggle, as well as of improving the economic conditions of coffee producers. Before involving itself in the coffee business in the late '90s, the CCDA's activities were restricted due to a lack of financing because (1) they received little financial support from other organizations, and (2) when they did receive funding, it came with strict stipulations. The commercialization of coffee guaranteed a little more autonomy in the political actions of the CCDA, and strengthened international solidarity.



Loading parchment coffee to be shipped for final processing by exporter.

The coffee work complements the ongoing political struggle on two levels: (1) the CCDA strengthens itself through the sale of coffee because it is able to bring about economic and political projects that consolidate relationships with its bases and with external solidarity organizations, and (2) CCDA member communities are able to acquire land from plantations with the accompaniment of the CCDA.

The coffee business allows campesinos to enter into a relationship with the organization. The CCDA not only offers free assistance to campesinos in the acquisition of lands, but it also assists them in defending their labour rights, in establishing economic/productive projects, and in launching a political awareness-raising process. "So in the end, what we seek in connecting coffee with the political struggle isn't just profit, but rather the sustainability of the organization and the strengthening of the social struggle; the coffee earnings contribute to the pursuit of social justice in our country."²

Fair Trade *Plus* is important for the CCDA and for coffee producing communities because these communities receive concrete support in the form of various projects:

² Interview with a member of the CCDA's operations team.

cooperative egg production operations, water filters, scholarships, construction of houses and schools. The CCDA also offers 'experience exchanges' in which international solidarity groups visit the organization and learn about social justice and *Café Justicia*³. Any surplus funds allow the CCDA to accompany campesino groups with their land management efforts and/or the mobilization to pressure the government to meet their demands.

It is important to note that the social struggle is also expressed in the cultivation of organic coffee. The CCDA encourages producers to incorporate the same farming techniques implemented by our ancestors -- without the use of chemical fertilizers and synthetic pesticides. In this sense, the ancestral forms of agriculture, grounded in respect for the natural world -- Mother Earth -- are being reintroduced in communities where these practices are being abandoned in favor of global agricultural policies.

The objective of the CCDA's coffee commercialization is not simply to promote the sale of coffee, but rather a means for producers to join, support, and participate in the social struggle. Through the sale of coffee abroad and between Canadian solidarity groups, we are able to create networks for the promotion of our cause and to strengthen international support.

The Fair Trade *Plus* Project

The CCDA relies on the "solidarity coffee" market through ***Fair Trade Plus*** in Canada. The exported coffee is cultivated on the slopes of the Atitlan Volcano, which causes the earth to have a high sulfur content and gives our product a unique flavor. Our coffee is produced in the Guatemalan highlands at an altitude of between 1500 and 1800 meters above sea level. We produce conventional and certified organic coffee (certified by MAYACERT).

The coffee exported to Canada is not certified by FLO (Fair Trade Labeling Organization); however, the CCDA has agreements with importer organizations in Canada governed by the ethic after which *Fair Trade Plus* ("solidarity coffee") receives its name. The prices these organizations pay the CCDA are above those established by Fair Trade or FLO.

³ Name that BC CASA gives to the coffee they receive from the CCDA. This is also the name of the coffee that the CCDA toasts and sells on a national level.

Origin of Café Justicia

The CCDA began commercializing coffee for export abroad in 1999, when a group of Canadians from the organization BC CASA (British Columbia - Central America Solidarity Alliance - Canada) made a visit to Guatemala to support the CCDA's actions. The exchange of information, experiences, and volunteer work characterized the relationship of support and solidarity that existed between the CCDA and BC CASA, which is now also a commercial relationship. At the time of this visit in 1999, the CCDA had already acquired (with the help of the Catholic parish of San Lucas Tolimán, Sololá, Guatemala) the "El Paraíso" and "El Rosario" plantations, which had the potential to be converted for coffee production.

Conscious of the cultivation potential of this high-altitude land, the CCDA was determined to market coffee as a way to improve the quality of life for campesinos. This operation would provide the organization with autonomy and sustainability, in addition to improving and consolidating external relations.

As mentioned previously, the exportation of green coffee beans began with the help of visiting volunteers from BC CASA. At this time, production was limited; the small amount that was produced was brought back to Canada in the visitors' luggage. This group of 15 volunteers brought 100 lbs of green beans to Canada in their suitcases, where they then toasted the coffee and sold it to friends and acquaintances. It was in this manner that the CCDA began its sale of coffee through BC CASA.

The commercialization of coffee was a challenge for the CCDA and BC CASA, as neither group had an understanding of the coffee market nor the necessary infrastructure required to process and sell coffee in large quantities. However, in the face of these challenges, and with their understanding of the social and economic situation of Guatemala, BC CASA began to promote the coffee as *Café Justicia* in Vancouver and other parts of the province of British Columbia. Some volunteers began promoting the product in other parts of the country as well, such as Nova Scotia, where they found the importer/roaster JUST US! Coffee, which now is also involved in the sale of CCDA coffee.

To increase the demand for their coffee abroad, a group of CCDA members participated in a tour of Canada, promoting the product and raising awareness about the people's ongoing struggles in Guatemala. In the beginning there was little demand for Café Justicia in Canada due to a lack of promotion and a small market. This led the CCDA to pursue marketing alternatives through a company legally based in Guatemala. In 2000, they established a relationship with FEDECOCAGUA (The Federation of Guatemalan Coffee Cooperatives) and began exporting coffee abroad through this organization. Between 2000 and 2003, the CCDA's coffee exports rose to 1200 lbs of coffee annually. After the CCDA's tour of Canada in 2003, their demand for green beans increased to 30,000 lbs.

Café Justicia coffee is produced in the municipalities of San Lucas Tolimán, San Antonio Palopó, and Santiago Atitlán. The coffee originates from high altitudes (which is why it is classified as the sought after "strictly hard bean" type of coffee) in 30 small communities that are made up of 1200 producers. This area has the capacity to produce 3,000,000 lbs of coffee but currently only exports about 20%.

International Solidarity: The Basis of Economic Partnerships

International Solidarity

The CCDA uses the term "counterparts" to describe the different solidarity committees that are financially connected with the organization in a spirit of cooperation. The CCDA describes all organizations linked to the CCDA, whether economically or politically, in terms of solidarity. With respect to their coffee business, the CCDA does not only have a commercial relationship with buyers, but rather also (principally) maintains a relationship of political solidarity.

The International Solidarity Committee BC CASA⁴ for example is not an NGO, but an organization of students that raise awareness.⁵ BC CASA brings in financial support, but it also provides political support to the CCDA's social struggle. To focus only on the economics would be insufficient; it would leave the people incomplete because real development must be holistic.

An especially helpful form of support provided by international organizations is the pressure that they bring to bear on their own and the Guatemalan governments. On several occasions, in the face of threats made to members of the CCDA by clandestine, reactionary groups that oppose its political and community activities, BC CASA has led urgent campaigns of letter-writing to pressure the governments to guarantee the safety

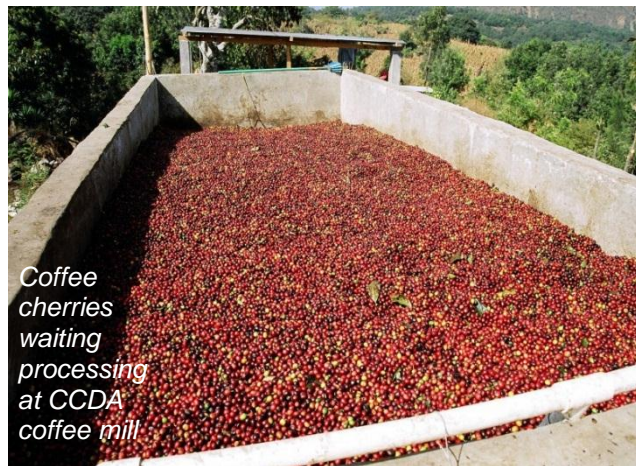
⁴ *The CCDA also works with a number of organizations in Canada and France --- churches, universities, NGOs, external Guatemalan organizations, and individuals who are interested in the improvement of the situation in Guatemala --- that help in the political struggle of the CCDA. These solidarity groups facilitate, for example, trips for CCDA members to other countries to promote their coffee and to provide education on the current political/social context in Guatemala. These organizations organize tours to Guatemala to aid with different CCDA projects and to learn about the realities of life in rural Guatemala.*

⁵ *BC CASA works with a team of volunteers in Canada that processes, weighs, packs, and sells the CCDA's coffee. They do not have any paid employees. Dependence on volunteers allows BC CASA to pay the CCDA a price above Fair Trade. BC CASA not only sells the CCDA's coffee but also its story and its political struggle. This is another value of the coffee which is exported.*

of the CCDA members and respect for their work. Both organizations have also coordinated their forces in order to bring about actions in Canada in opposition to the Canadian mining companies exploring and exploiting minerals in Guatemalan territories. In other words: they accompany and help in the struggle, in the actions that we carry out. There is a commitment to support. That is part of the solidarity commitment. That is why there is no need for any formal agreement between us.

It is this spirit of solidarity in the pursuit of justice that has been the foundation of our partnerships in the marketing of coffee from the beginning. While the CCDA values the good quality of its coffee and would not market it if its quality could not be guaranteed, it looks first and foremost, in its partners, for faith not in the coffee, but in the struggle to secure the rights and to improve the lives of those who produce it.

The Production, Processing and Commercialization of Coffee



Many of the resources essential to the CCDA's coffee-marketing operation, including the land on which the coffee is grown and produced, the men and women who produce it, even those who transport it to the markets, play roles that were equally essential to the Mayan agricultural communities engaged in the direct exchange of commodities in pre-colonial times.

In the globalized, free-trading, cash economy in which the CCDA now operates, however, two new factors have become of crucial importance, namely the revenue earned by coffee sales and the proportion of that revenue that finds its way to the producers and their communities. These variables have been among the root causes of the impoverishment and marginalization of indigenous communities, but can also be used to reintegrate them into the broader economy and to contribute to their social development.

In 1997, for example, the price paid to coffee producers around the world fell drastically, creating what the International Coffee Organization (ICO) described as a global coffee crisis. In Guatemala, the fall in prices affected all those involved in the production and sale of coffee, not only the small producers, but also their midsized and even large corporate rivals. The crisis affected rural areas that had already lost their lands and lowered the standard of living for producers, but it also created an opportunity that the CCDA seized, as it was this crisis that generated the necessary conditions for the creation of **Café Justicia** and for other initiatives to overcome the market's

traditional impact on rural areas and to foster the political influence and the socioeconomic development of the producers.

The drop in prices caused many Guatemalan large plantation owners to stop farming their lands and subsequently to sell them in order to reinvest their capital in other productive areas. This caused a loss of employment in the farming sector, but also gave *peons* (peasants who lived on the big plantations and worked for the owners) and landless farmers an opportunity to acquire it through the Guatemalan government's *Fondo de Tierras* (The Land Fund, created out of their 1996 Peace Accords). This has enabled many poor farmworkers to become owners of the plantations they worked on. The assistance of the CCDA has made it possible for former *peon* communities on the plantations of El Paraíso, El Rosario, and la Recompensa to resume coffee production on the lands abandoned by their previous owners in the wake of the drop in prices. The acquisition of the farms was fundamental for groups of rural coffee producers that did not have the land or the infrastructure to produce coffee in large quantities.

Through the *Fondo de Tierras*, and by the assertion of workers' rights and of historical rights to the possession of communal lands, the CCDA has acquired 21 plantations including, in addition to the three mentioned above, Salvador Xolhuitz, Finca Santa Isabel, Finca don Pancho, and Finca San Antonio Panimaquim. These acquired lands not only help to sustain the coffee project, but also act as support bases in the struggle for political rights and socio-economic development.

Of these plantations, only El Paraíso and La Recompensa produce coffee of the quality necessary for export. The CCDA is, therefore, making a two-pronged attempt to improve the living standards of the other four regions by improving the overall quality of their coffee and by increasing the proportion of it that meets the **Comercio Justo Plus** (Fair Trade *Plus*) standard for organic production. The coffee project currently works with forty producers making the transition to organic production as compared and thirty-seven who are already certified organic.

The CCDA operates two wet mills to process the coffee harvested by the farmers associated with CCDA and, like the growers themselves, they are wholly committed to the CCDA's holistic programme of socio-economic and political development.

The coffee producing individuals and communities supported by the CCDA are considered to be members of the organization itself. The great majority of the CCDA's membership is composed of rural indigenous farmers and farmworkers. As members of the CCDA, they benefit from programs financed by the Fair Trade *Plus* system. These include: better prices for their coffee, technical training, long-term purchasing relationships and pre-financing.

Financial Solidarity

As an importer, BC CASA pays the organization an average price of US \$210 per 100 KG of green coffee. The CCDA considers this price to represent fair trade plus, since it is higher than the average fair trade price of \$160⁶. The CCDA insists on this premium price because it considers, as do the importers/roasters, that the standard fair trade price is not adequate to raise the coffee producers out of poverty. Even the \$210 price alone will not eradicate poverty, but along with the social projects and political activism that it subsidizes, it will make a difference in the short and long term situation of the coffee producers and their communities.

In the first few years it was not possible to pay the producers a premium for their contribution to the coffee project because of the project's limited coffee sales and due to the investment that had to be made in training, improving quality and infrastructure development. Indeed, during the CCDA's first five years in the coffee trade, its producers were paid the same price as the coyotes (intermediaries) offered. The premium from the CCDA at that time lay in its technical training, organic certification, and development of social projects and cooperative micro-businesses in the producing communities.

Since the increase of sales starting in 2003-2004, the organization has been able to pay the producer a minimum base price and an additional premium when the prices the coyotes pay exceed the base price.

AGRO-ECOLOGY

The cultivation of organic coffee

The cultivation of organic coffee is a challenge for producers because they have to satisfy numerous requirements, many of which involve major investments. Nonetheless, the CCDA values and promotes the cultivation of organic coffee because it sees organic production as a means of recovery of the cultivation methods of the ancestors who lived in harmony with nature and with the Mayan world view, and because there is a strong demand for organic coffee. For these reasons, the CCDA, as part of its programme of agricultural production, processing and trade, has appointed internal promoters and inspectors to facilitate and oversee the cultivation of organic coffee in all its affiliated plantations and communities.

CCDA's promoters have been trained in the different techniques and methods of organic coffee production and in teaching them. The promoters, who have themselves been trained in the risks associated with synthetic nutrients and chemical pesticides, train producers in the techniques of organic fertilization and pest control, so that their produce will satisfy the norms and requirements for organic certification.

⁶ Prices as of March, 2013. Prices paid for certified organic are an additional \$30 per 100 lbs.

The inspectors are trained like promoters, but unlike them, they cannot inspect the areas where they live or farm. Rather, they monitor the cultivation in other communities to evaluate whether the farmers are complying with the internal requirements of organic cultivation, to prepare them for the official, external inspection that will be done by an independent organic certification organization (MayaCert).

Marketing the CCDA's Coffee

The CCDA has processed and marketed its coffee through different organizations depending on the final destination of the product. The Fair Trade *Plus* export chain model is the one employed by the CCDA in its products that go to BC CASA and Just Us! in Canada. However, products exported to other countries have followed the conventional fair trade model.

Below we compare the conventional Fair Trade export model and the CCDA model of Fair Trade *Plus* in order to critically analyze the selling processes.

Fair Trade *Plus* between the CCDA and BC CASA in Canada is a direct relationship that is always looking for ways to decrease dependence on intermediaries. For the CCDA, **Fair Trade *Plus*** puts the farmers, rather than the intermediaries, in the driver's seat. The commodity chain with BC CASA is the following:

THE FAIR TRADE PLUS CHAIN

Producer → CCDA → FEDECOCAGUA → BC-CASA



In this process, the producers sell their selected ripe coffee to CCDA, who transforms the ripe coffee into parchment coffee. FEDECOCAGUA transforms or threshes the parchment coffee to green coffee and carries the coffee from CCDA's warehouse to a port where the coffee will be exported.

The CCDA does not have a license for exporting nor the required infrastructure for threshing or transporting the coffee. Therefore, the CCDA hires FEDECOCAGUA for this service. In the future, CCDA hopes to create a collective farmer's enterprise that

would transform parchment coffee to green, as well as roast, grind and package the coffee for the internal market.

The other model of exportation was conventional Fair Trade through El Chokoy⁷, which exported the coffee to the Netherlands and to the USA. This exportation process was characterized by many intermediaries benefiting from Fair Trade.

This commodity chain was formed by organizations that represented farmers' coffee producers at different levels. In the municipality of San Lucas, the producers and producing organizations were represented by El Chokoy, while at the departmental level they were represented by another farmers' coalition, APOCS, and by Manos Campesinas at the national level. These organizations formed part of a network that extended from the local level to the national. However, the only one that was certified by the international Fairtrade Labeling Organization (FLO) was Manos Campesinas, and it didn't have the infrastructure to transform the parchment coffee into green coffee, nor the license to export it. The company responsible for the transforming and exporting was Transcafé, which is owned by German land baron and entrepreneur Thomas Hoffman.

All the organizations that formed part of the chain required a percentage of the sales to cover their administrative costs. Transcafé was paid the then conventional Fair Trade price of US\$127.18 per 100 lbs. of green coffee but after all the intermediaries received their share the small producers received only US\$9 (approximately Q69.30 quetzales) per 100 lbs. of organic cherry coffee.

This commodity chain depended on 6 different organizations for the mature coffee to arrive at its destination in the exterior. In comparison, Fair Trade *Plus* depends on only two organizations. For this reason, the CCDA no longer gives priority to this export chain, because when compared to Fair Trade *Plus*, both the organization and the producers receive less benefit.

In this sense, Fair Trade has a commercial focus while Fair Trade *Plus* has a socio-political one. In other words, Fair Trade has more intermediaries, rules, and regulations that, in a commercial and business-like way, formalize the relationships between the different links in the chain. Fair Trade *Plus* not only has fewer intermediaries, but it also has rules and regulations that are less formal, allowing the CCDA more autonomy. Fair Trade *Plus* is based on an ethical relationship of trust, while the conventional Fair Trade is more commercial and distant.

The CCDA sees serious limitations in the structure of Fair Trade because it is designed to generate income for the people who handle the exportation of the coffee. For this reason we propose that the responsibility of exportation be shifted to the farmer.

⁷ El Chokoy was a coalition of NGOs and farmers groups in the municipality of San Lucas Tolimán that was formed by Veterinarians Without Borders to facilitate the export of products.

THE CONVENTIONAL FAIR TRADE CHAIN

Producers → CCDA → CHOKOY → APOCS → MANOS

CAMPESINOS → TRANSCAFE → FLO → Importing company or group

Even on purely commercial grounds, the CCDA's preferred export chain is Fair Trade *Plus*, which, even now, depends on only two organizations and can thus pass a much higher proportion of the revenue from export sales on to the coffee growers.

Not only, however, does the FairTrade International export chain reduce the CCDA-associated producers' income, but its whole operation has a commercial focus: it includes more intermediaries and has more rigid, corporate-style rules and regulations that formalize the relationships between the different links in the chain. Fair Trade *Plus* not only makes use of fewer intermediaries, but it also has less formal rules and practices that allow the CCDA to deal with its partners on an ethical basis of trust and of joint commitment to shared social goals.

The CCDA sees serious limitations in the structure of conventional Fair Trade, as the system is designed to generate income for the coffee exporters at the expense of the producers. For this reason we propose that the responsibility of exportation be shifted to the farmer, that the number, the role, and the earnings of intermediaries be strictly limited, and that the marketing model currently used for exports to Canada be extended to include other markets.

Conclusions: Achievements and Ongoing Challenges

- The CCDA has changed over the years to meet the needs of its affiliated coffee producers under changing socioeconomic conditions, especially in the wake of the coffee crisis of the late 1990s. Although the organization continues to make the same political demands that motivated it during war time – for human rights in general, and most especially for the rights of workers, of women and of indigenous cultures - it has come to recognize key economic goals. These notably include access to land and the just and efficient marketing of its principal crop, coffee, not only as a way to improve the economic conditions of the producers, but also as an essential source of financial support for their political struggle and protests.
- In more recent years, the CCDA has realized that models like conventional Fair Trade, originally formed with the purpose of improving the quality of life of the people and producers who lived in the countryside, have grown to become large export chains, incorporating new middlemen, each complicating the chain, making its operations less transparent, and each claiming a percentage of the sales revenue, in turn reducing the income of the producers. For this reason, the CCDA finds that such initiatives have lost their legitimacy and that a new model is needed. This new model is the inspiration for the joint project between

BC CASA and the CCDA, called **Comercio Justo Plus** (Fair Trade *Plus*), based on a more direct relationship between producers, retailers and consumers who share the same socio-economic and political vision and goals.

- Because of their dual focus on political and economic goals, the CCDA and Fair Trade *Plus* are dependent on the social consciousness of the producers, whose profit they must inevitably limit in order to support infrastructure and socio-political activities, even as they work to increase members' revenue by removing middlemen from the export chain. The Fair Trade *Plus* model is not purely economical; as such, the profit is more comprehensive – it involves political, social, and economic aspects.
- Like the CCDA's social struggle, its program to enhance the growth, processing and marketing of agricultural products is long-term. For this reason, it is essential that its producer-members have the vision and the understanding needed to sustain the pursuit of both economic and political goals. The culture of survival in the most marginalized sectors of the country, especially among producers who depend solely on the variable coffee market, makes it difficult to focus on long-term goals. Programs like **Comercio Justo Plus** do stabilize producer income and make it somewhat easier to see the economy and politics from a long-term perspective. But this margin of stability remains thin, because the producers and even organizations like the CCDA are still bound to the unstable international market and are inevitably affected by the rising and falling price of coffee.
- Future progress toward CCDA's economic and political goals depends on an increasing awareness in consuming countries that **Fair Trade Plus** can directly provide an ongoing supply of high-quality coffee that is organically grown by small producers in Guatemala. To this end, it needs to establish contact with sympathetic individuals and groups in those countries, especially with trade, agricultural and industrial unions.

In Guatemala, life is improved and strengthened through the CCDA.



Finished product, roasted and bagged by volunteers in Vancouver