

DISSERTATION

FAIR TRADE CERTIFIED COFFEE ESTATES: CAN FAIR TRADE USA PROMOTE
WORKERS' WELL-BEING, EMPOWERMENT AND GENDER EQUITY IN BRAZILIAN
AND NICARAGUAN COFFEE PLANTATIONS?

Submitted by

Claudia Magalhaes Rosty

Department of Sociology

In partial fulfillment of the requirements

For the Degree of Doctor of Philosophy

Colorado State University

Fort Collins, Colorado

Summer 2019

Doctoral Committee:

Advisor: Laura T. Raynolds

Lynn Hempel
Michael Carolan
Dimitris Stevis

Copyright by Claudia Magalhaes Rosty 2019

All Rights Reserved

ABSTRACT

FAIR TRADE CERTIFIED COFFEE ESTATES: CAN FAIR TRADE USA PROMOTE WORKERS' WELL-BEING, EMPOWERMENT AND GENDER EQUITY IN BRAZILIAN AND NICARAGUAN COFFEE PLANTATIONS?

In 2012, Fair Trade USA began to certify coffee estates, previously restricted to small producer organizations, to expand the benefits of fair trade to hired laborers. This dissertation research analyzes the implications of the Fair Trade USA certification of coffee plantations in 1) bolstering workers' well-being, 2) empowerment, and 3) gender equity on certified coffee estates in Brazil and Nicaragua. Using a cross-national comparative design and multi-methods qualitative techniques, this study examines how the Fair Trade USA certification of coffee estates plays out differently within each national context. The findings suggest that Fair Trade USA fosters worker's well-being in coffee estates when operating below national labor legislation and sectoral standards, and indicate variation, unevenness and limitations in bolstering worker's empowerment. This research reports marginal gender equity impact on rural workers.

ACKNOWLEDGEMENTS

This dissertation would not have been possible without the support of my family. My parents, Claudio and Fatima, have supported me so much, particularly when the end was not near in sight. I am eternally indebted to them. I am grateful for my husband's support and sacrifices, and for my children's understanding for the countless hours away to complete this manuscript. I am grateful to Dr. Raynolds for her support, mentorship and patience throughout this process. Her insights and encouragement were critical for the completion of this degree. I am filled with gratitude for my current supervisor, Shirl Portillos, for the support in the last stretch. I would like to thank the International Center for Tropical Agriculture for the research partnership and, in particular, Martha Del Rio for the countless conversations about this topic and fieldwork support. I am also thankful to the International American Foundation for the generous research funding. Lastly, I want to thank the participants of this research and the people who assisted to make this study possible.

DEDICATION

For my daughters to inspire them in their journey.

To my mother for always believing in me.

In memory of my best friend, Carlos Teran.

TABLE OF CONTENTS

ABSTRACT	ii
ACKNOWLEDGEMENTS	iii
DEDICATION	iv
CHAPTER 1: DISSERTATION INTRODUCTION	1
1.1 Dissertation Overview	1
1.2 Brief Background	2
1.3 Research Approach and Scope	3
1.4 Dissertation Outline	5
References	9
CHAPTER 2: FAIR TRADE AND THE COFFEE MARKET	10
2.1 Introduction	10
2.2 Brief History of the Fair Trade Movement	11
2.3 Key Fairtrade International Facts	14
2.4 Global Commodity Network Approach	16
2.5 Brief History of the Coffee Market and Supply Chain	18
2.6 The Fair Trade Coffee Market	23
2.7 Mainstreaming and Plantation Certification Challenges	25
2.8 Conclusion	28
References	31
CHAPTER 3: FAIR TRADE USA AND THE CERTIFICATION OF COFFEE ESTATES	37
3.1 Introduction	37
3.2 The Certification of Coffee Plantations	37
3.3 Brief History of Fair Trade in North America	43
3.4 The Fair Trade USA Market	45
3.5 Fair Trade USA	47
3.6 Fair Trade USA Plantation Certification and Standards	51
3.7 Conclusion	59
References	61
CHAPTER 4: METHODOLOGY	67
4.1 Research Design	67
4.2 Workers' Empowerment, Well-Being and Gender Equity	68
4.3 Case Studies	71
4.3.1 Gaining Access.....	73
4.3.2 Population of Interest and Sampling Strategies.....	74
4.4 Method	75
4.4.1 Interviews.....	76
4.4.2 Focus Groups.....	77
4.4.3 Document Review.....	78

4.5 Role of the Researcher	79
References	81
Chapter 5: Fair Trade Empowerment and Gender Equity Approach	84
5.1 Introduction	84
5.2 Empowerment.....	85
5.2.1 Empowerment and the Economic Dimension.....	88
5.2.2 World Bank’s Empowerment Approach.....	90
5.2.3 The Multidimensionality of Empowerment.....	91
5.3 The Fair Trade Empowerment Approach.....	93
5.4 Conclusion.....	100
References	102
Chapter 6: Fair Trade Certified Coffee Enterprise: Brazilian Case.....	107
6.1 Introduction	107
6.2 Brazilian Coffee Production.....	108
6.3 Land Reforms and Brazilian Coffee Workers.....	109
6.4 Brazilian Labor Laws and Unions.....	112
6.5 Research Site: <i>Parati</i>	116
6.6 Fair Trade USA Committee, Premium Investment and Other Social Initiatives	121
6.7 Workers’ Awareness and Knowledge of the Fair Trade USA Certification	126
6.8 Immediate Changes with the Fair Trade USA Certification	127
6.9 Worker Empowerment.....	128
6.9.1 Individual Level	128
6.9.2 Relational Level	129
6.9.3 Collective Level	131
6.9.4 Workers’ Definition of Empowerment	133
6.9.5 Empowerment Challenges and Opportunities Identified by Workers	136
6.9.6 Workers’ Pathway to Empowerment	136
6.10 Gender Relations, Equity and Women’s Empowerment	137
6.11 Conclusion.....	141
References	143
Chapter 7: Fair Trade Certified Coffee Estate: Nicaraguan Case.....	147
7.1 Introduction	147
7.2 Nicaraguan Coffee Production.....	148
7.3 Nicaraguan Coffee Workers and Land Reforms	149
7.4 Labor Laws and Unions.....	155
7.5 Research Site: <i>Masaya</i>	157
7.6 Fair Trade USA Committee, Premium Investment and Other Social Initiatives	161
7.7 Workers’ Awareness and Knowledge of the Fair Trade USA Certification	167
7.8 Immediate Changes with the Fair Trade USA Certification	167
7.9 Workers’ Empowerment	168
7.9.1 Individual Empowerment.....	168
7.9.2 Relational Empowerment.....	170
7.9.3 Collective Empowerment.....	172
7.9.4 Workers’ Definition of Empowerment	173
7.9.5 Empowerment Challenges and Opportunities Identified by Workers	175

7.9.6 Pathway to Empowerment	176
7.10 Gender Relations, Equity and Women’s Empowerment	177
7.11 Conclusion.....	184
References	186
Chapter 8: Cross-National Comparison	189
8.1 Introduction	189
8.2 Contextual Factors	189
8.3 Fair Trade USA Impacts	194
8.3.1 Fair Trade Premium	196
8.3.2 Immediate Significant Certification Impacts	199
8.3.3 Unintended Impact	201
8.3.4 Workers’ Certification Awareness	202
8.4 Worker’s Well-Being and Empowerment.....	203
8.4.1 Workers’ Wellbeing	204
8.4.2 Workers’ Empowerment	205
8.4.2.1 Empowerment at the Individual Level	207
8.4.3.2 Empowerment at the Relational Level	209
8.4.2.3 Empowerment at the Collective Level	211
8.5 Gender Equity and Women’s Empowerment	213
8.6 Conclusion.....	219
References	221
CHAPTER 9: BRIEF SUMMARY OF RESEARCH FINDINGS AND PROPOSITION FOR A HUMAN RIGHTS-BASED APPROACH TO THE FAIR TRADE USA EMPOWERMENT FRAMEWORK.....	225
9.1 Introduction	225
9.2 Brief Summary of Research Findings	226
9.3 Proposition for a Human Rights Approach to the Fair Trade USA Empowerment Framework.....	229
9.3.1 Human Rights.....	230
9.3.2 Human Rights Approach to Development and Poverty	232
9.3.3 Human Rights Relevancy to Fair Trade USA	233
9.3.3.1 Ethical Foundation	234
9.3.3.2 Rights and Obligations	234
9.3.3.3 Emphasis on Processes, Participation and Existing Resources.....	236
9.3.4 Human Rights Empowerment Approach: The Focus on Human Agency	237
9.4 Conclusion.....	239
References	241

CHAPTER 1: DISSERTATION INTRODUCTION

1.1 Dissertation Overview

Rural workers have historically been excluded from resources and opportunities in the coffee commodity chain, despite being central to the development of the industry (Fridell 2007). Fair trade is a response to the unfairness of conventional markets. Through social, environmental and economic standards, fair trade aims at assisting producers and workers in developing countries to compete in the global market. Fairtrade International initiated product certification in the coffee sector and continues to operate the global certification system. Fair Trade USA parted ways with Fairtrade International in 2011 and developed its own set of standards and program to certify large agricultural enterprises. This dissertation research investigates the Fair Trade USA certification impacts in bolstering 1) worker's well-being, 2) empowerment, and 3) gender equity on coffee certified estates in Brazil and Nicaragua. Through a cross-national comparative analysis, this research sheds light on the opportunities and challenges of fostering the empowerment of marginalized rural workers, recognizing the potentially distinct processes affecting male and female workers. By focusing on embedded social relations, this study captures the complexities of empowerment while highlighting the contextual factors shaping how Fair Trade USA operates.

The findings show that Fair Trade USA makes noteworthy contributions in fostering worker's well-being in the coffee estates, particularly when estates have not historically met national labor laws and sectoral standards. However, improvements in worker's empowerment were inconsistent and improvements in gender equity were marginal. To address these shortcomings, I conclude this dissertation by arguing that Fair Trade USA should incorporate a human-rights-based approach to empowerment. This chapter situates the research in the contested

debate of the Fair Trade USA certification of coffee estates. It briefly discusses the research approach and scope, concluding with an outline of the dissertation chapters.

1.2 Brief Background

Historically, the Fairtrade certification system has been organized under a single global umbrella organization called Fairtrade Labelling Organizations, currently known as Fairtrade International, which oversaw national initiatives like Fair Trade USA. Fair Trade USA resigned from Fairtrade International to certify estates and independent producers in commodities previously restricted to small producer organizations by Fairtrade International.

Fair Trade USA's intention is to expand fair trade benefits to landless hired laborers in estates and farmers not organized into coops, under the slogan "Fair Trade for All" (Fair Trade USA 2012). Fair Trade USA sees hired laborers as the most marginalized and needing of fair trade assistance. Following a market-driven approach to address global poverty (Walske and Tyson 2015), Fair Trade USA wants to increase the supply of certified products arguing that "by growing the market and increasing mainstreaming corporate participation, more producers will benefit from Fair Trade prices and premiums" (Raynolds 2012:285). Fair Trade USA's decision to depart from Fairtrade International reveals enduring differences between a market-oriented entity, Fair Trade USA, and a mission-driven agency, Fairtrade International (Raynolds 2012). From these contrasting orientations, Fair Trade USA and Fairtrade International have diverging strategic approaches about how to promote the fair trade principles of ethical trading to globally empower producers and workers and to improve their livelihoods (Fair Trade USA 2014).

Fair Trade USA's decision to certify estates, starting with coffee, generated backlash from multiple fair trade organizations, small producer organizations and other stakeholders, who are concerned about movement's dilution and cooptation, consumer confusion, and unfair market

competition from plantations. The Fair Trade USA certification of plantations is particularly contested in coffee because of this product's prominence. Coffee is Fairtrade International's most important product with steadily increasing sales and recognition, benefiting 537 coffee producer organizations worldwide in 2016 (Fairtrade International 2017). Similarly, coffee "was Fair Trade USA's first product category, and continues to be the most prominent Fair Trade Certified product on the market" (Fair Trade USA 2016:28). In fact, coffee accounted for 72 percent of Fair Trade USA certification revenue in 2013 (Walske and Tyson 2015). The conventional coffee market threatens small producer's livelihoods because the coffee supply chain is driven by the interests of a few roasting and retailing companies. Small coffee producers are unable to compete in volume and price with large-scale agricultural enterprises. To address these inequalities in the coffee sector, fair trade established networks of producers and consumers to "provide new advantages for producers through the stabilization of coffee prices, increased incomes, greater security of land ownership (and thus an increased ability to avoid absorption into the system of wage labor), and more sustainable ecologies of production" (Hudson, Hudson and Fridell 2013:39). By certifying coffee plantations, the concern is that Fair Trade USA is bringing into fair trade's niche market the unjust competition of the conventional coffee commodity chain, compromising the essence of the movement.

1.3 Research Approach and Scope

This dissertation explores Fair Trade USA's claim that hired laborers producing coffee need the benefits of fair trade because they are the most marginalized and impoverished. While there are many implications to the Fair Trade USA certification of coffee estates for different actors, this research analyzes to what extent and in what ways rural coffee workers benefited from the Fair Trade USA certification, considering the unequal hierarchal power of estates. This

research focuses on workers' well-being and empowerment because they are two pillars of Fair Trade USA's efforts to foster social change. Acknowledging that female and male workers might experience certification impacts in distinct ways, this research also explores whether the certification promotes gender equity.

This dissertation is a combination of exploratory and descriptive research. There are numerous scholarly articles focused predominantly on the impacts of Fairtrade International on cooperatives, particularly in the coffee sector, and an emerging literature on Fairtrade International's involvement in large enterprises (Raynolds 2017), but no academic study to date has been published about the Fair Trade USA impact on rural coffee workers. This study fills this literature gap. Additionally, this research is relevant and timely because of the growth of Fair Trade USA Certified products from large enterprises.

The dissertation research focuses on two case sites in Latin America, where most of the Fair Trade Certified coffee is produced (Fair Trade USA 2016). I employed a combination of *most different* and *contrast of context* sampling techniques to choose two coffee plantations in Brazil and Nicaragua. This dissertation research was carried out between Fall 2014 and Spring 2015 in Nicaragua and Brazil, funded by the Inter-American Foundation and partnered with the International Center for Tropical Agriculture. Since this research was conducted in the early years of Fair Trade USA certification, my findings relate to immediate and short-term impacts. Pursuing a multi-methods qualitative research approach to explore understudied processes (Marshall and Rossman 2011), this study focuses on the experiences of permanent coffee workers. This population was selected to narrow the findings to the experiences of coffee workers who were continuously exposed to the certification to provide an overall account of potential impacts of Fair Trade USA on rural workers. Additional research is needed to assess how temporary workers'

experiences align with the permanent workers presented in this work. A comparison of the experiences of Nicaraguan and Brazilian workers provides a rich description about the potential impacts of Fair Trade USA on hired laborers.

1.4 Dissertation Outline

This dissertation is structured the following way. Chapter two provides a brief history of the fair trade movement and provides key facts regarding Fairtrade International. The chapter discusses how the global commodity approach has been used in the fair trade literature to reveal the impacts of fair trade along the commodity chain. This study of coffee estates is situated within the coffee market and supply chain literature to contextualize the role of Brazil and Nicaragua in this sector. Brazil is the largest global coffee producer and historical actor in the coffee market, whereas Nicaragua is a significant fair trade coffee producer. This chapter concludes with a discussion of Fair Trade USA's mainstreaming approach and the historical challenges of plantation certification.

Chapter three focuses on understanding the Fair Trade USA business model and approach. It starts by demonstrating how Fair Trade USA's mainstreaming approach led to the endorsement of large enterprises, including the certification of coffee plantations. The discussion centers on Fair Trade USA's departure from Fairtrade International, their new *Fair Trade for All* campaign and Coffee Innovation Pilot program, and how the decision to certify coffee estates was received by key fair trade actors. Next, the chapter provides a brief history of fair trade in North America and the key facts about fair trade sales and products in the United States market. The remaining sections provide an organizational overview of Fair Trade USA, including a discussion about the certification process, and the Fair Trade USA Impact Framework utilized for standard development. The cases studied in this dissertation were certified under Fair Trade USA's Farm

Workers Standard. After fieldwork was completed, Fair Trade USA replaced the Farm Workers Standard with a new Agricultural Production Standard. The chapter introduces both sets of standards and highlights the new standard improvements and shortcomings.

Chapter four outlines the methodology of this research. The first section presents the research design, followed by a discussion about the conceptualization and operationalization of well-being, empowerment and gender equity. It is important to note that the research instruments were comprehensively designed to map workers' experiences about well-being, empowerment and gender equity to then measure the Fair Trade USA certification impacts in these areas. The following section shows the research site characteristics, how I selected the case studies, and collected and analyzed fieldwork data. The chapter also addresses my role as a researcher in this study and how I gained access to these coffee plantations.

Chapter five provides a theoretical foundation to study empowerment in the Fair Trade Certified coffee estates. Scholars disagree about the meaning of this concept and how to measure it. The chapter sheds light on these tensions and demonstrates how empowerment is generally studied. It also provides three distinct empowerment approaches widely used in development studies research. The second part of the chapter presents the Fair Trade USA empowerment approach, how it is defined, and situates this discussion within the fair trade empowerment literature.

Chapter six explores the case study findings in Brazil. The chapter describes relevant contextual factors to understand how the national context influences Fair Trade USA certification outcomes. It starts by discussing Brazilian coffee production, land reforms, unions and labor laws, while situating coffee workers within this context. The second part of the chapter is devoted to the case study. The following section describes the characteristics of the world's largest coffee grower,

Parati, and its workforce. Then, it separates the findings into 1) Fair Trade Committee, Premium and other social initiatives; 2) workers' awareness and knowledge of the certification; 3) immediate changes with the Fair Trade USA certification; 4) worker's empowerment; and concluding with a discussion about 5) gender relations, equity and women's empowerment.

Chapter seven discusses the Nicaraguan case study findings. The chapter presents relevant contextual factors to understand how the national context influences the Fair Trade USA certification outcomes. The first part of the chapter addresses the Nicaraguan coffee production, land reforms, unions and labor laws, and the rural workforce in the coffee sector. The remaining sections focus on the case study findings, starting with a description of the Nicaraguan coffee plantation, Masaya and its workforce. The findings are divided into 1) Fair Trade Committee, Premium and other social initiatives; 2) workers' awareness and knowledge of the certification; 3) immediate changes with the Fair Trade USA certification; 4) worker's empowerment; and concluding with a discussion about 5) gender relations, equity and women's empowerment.

Chapter eight compares the findings from the case studies in Brazil and Nicaragua and summarizes the overall findings about Fair Trade USA impacts on hired laborers on coffee estates. First, the chapter identifies and compares the central contextual factors that might shape workers' experiences and how they may benefit from the Fair Trade USA certification. It then compares Fair Trade USA's impacts, focusing on the 1) Fair Trade USA Premium, 2) immediate impact on workers, 3) unintended impact on workers, and 4) certification awareness. Then, it summarizes the research findings of the case studies on 1) workers' well-being, 2) empowerment, and 3) gender equity. The cross-national findings are loosely situated in the fair trade literature because the overwhelming fair trade scholarly work is about small producers and not hired laborers. It is

important to note that although there are some fair trade scholarly studies conducted in plantations, they are based on Fairtrade International standards.

Lastly, chapter nine summarizes the overall Fair Trade USA impacts on coffee workers in Brazil and Nicaragua and concludes with a discussion about how a human-rights-based approach to the Fair Trade USA empowerment framework can address the empowerment shortcomings observed in this research. This study suggests that the most relevant human rights-based approach to Fair Trade USA is the one that focuses on protecting and expanding human agency.

References

- Fair Trade USA. 2012, "Fair Trade for All: Delivering More Impact for More People": Fair Trade USA. Retrieved 10 July, 2017 (http://fairtradeusa.org/sites/all/files/wysiwyg/filemanager/Fair_Trade_for_All/Fair_Trade_for_All_Overview_July_2012.pdf).
- Fair Trade USA. 2014, "Farm Workers Standard: Version 1.1": Fair Trade USA. Retrieved 13 December, 2014 (https://www.scsglobalservices.com/files/ftusa_fws_standard_1.1_en_102513.pdf).
- Fair Trade USA. 2016. "Fair Trade USA 2016 Almanac." California: Fair Trade USA.
- Fairtrade International. 2017. "Monitoring the Scope and Benefits of Fairtrade." *Ninth Edition*. Bonn, Germany: Fairtrade International.
- Fridell, Gavin. 2007. *Fair Trade Coffee: The Prospects and Pitfalls of Market-Driven Social Justice*. Toronto: University of Toronto Press.
- Hudson, Mark, Ian Hudson and Mara Fridell. 2013. *Fair Trade, Sustainability, and Social Change*, Edited by T. Shaw. London: Palgrave Macmillan.
- Marshall, Catherine and Gretchen Rossman. 2011. *Designing Qualitative Research*. Thousand Oaks, CA: Sage Publications.
- Raynolds, Laura T. 2012. "Fair Trade: Social Regulation in Global Food Markets." *Journal of Rural Studies* 28(3):276-87.
- Raynolds, Laura T. 2017. "Fairtrade Labour Certification: The Contested Incorporation of Plantations and Workers." *Third World Quarterly* 38(7):1473-92.
- Walske, Jennifer and Laura Tyson. 2015. "Fair Trade USA: Scaling for Impact." *California Management Review* 58(1):123-44.

CHAPTER 2: FAIR TRADE AND THE COFFEE MARKET

2.1 Introduction

Fair trade facilitates ethical trading through coordinated production and commercialization designed to alleviate poverty, and empower small producers and hired labor (Raynolds 2002). Fair trade emerged in response to the unequal international trading relations between the global North and South. The movement seeks to challenge the unfairness of conventional trade practices by promoting more equitable relations between producers and consumers (Raynolds 2002), and “social justice and environmental sustainability in global production” (Raynolds and Greenfield 2015:24). Through market-based strategies, fair trade promotes consumer awareness of the precarious labor and living conditions of Southern producers and workers by seeking to mobilize Northern consumers to bolster empowerment and incomes of producers and hired laborers (Raynolds, Murray, and Wilkinson 2007:4). Fair trade initiatives encompass social and environmental concerns (Raynolds 2002) with the objective of developing:

Mutual beneficial partnership based on dialogue, transparency and respect; to support organizational capacity-building for democratic groups that are required to represent small-scale producers (co-operatives) and workers (trade unions); to offer guaranteed prices that are higher than market rates; to provide a social premium to finance community projects such as schools, clinics, and environmentally sustainable production (Wunderlich 2011:21).

Fair trade promotes progressive change and international development by establishing new ways to coordinate production and commercialization (Raynolds and Bennett 2015). It is a global private voluntary regulation that addresses both social justice and environmental issues, challenging “unfair” trade practices and fostering alternative “fair” trade norms (Raynolds 2012b:279). Fair trade initiatives of empowerment, expansion of the human potential, self-

determination, political and economic justice, poverty alleviation and sustainable development align with many contemporary movements such as human rights, global democracy and trade justice, alternative development, political ecology, local sovereignty, and movements of women, peasantry, and workers (Evans 2008; Smith 2008). Yet fair trade diverges from these movements in its efforts to move from vision to practice and incorporate both ethical and environmental concerns in regulating the entire commodity chain (Raynolds and Bennett 2015).

Fair trade is a dynamic movement consisting of membership association groups of Alternative Trading Organizations (ATOs), formalized labeling and certification systems, and social movement advocacy groups that support the fair trade principles (Wilkinson 2007). Although these organizations represent segments of the movement based on common social justice principles grounded on ethical trading, they often diverge strategically on how to best promote poverty alleviation and empowerment. This research conceptualizes fair trade as an alternative social development initiative seeking social change through market access, equitable trading, capacity building, poverty alleviation and empowerment opportunities.

This chapter provides a brief history of the fair trade movement, highlighting fair trade market facts, and discusses the Commodity Network approach to study the impact of certifying coffee plantations. To understand the role of Brazil and Nicaragua in the coffee market and fair trade, this chapter provides a brief historical overview of the coffee supply chain and the fair trade coffee market, concluding with a discussion of mainstreaming and plantation certification challenges.

2.2 Brief History of the Fair Trade Movement

Fair trade initiatives were started after World War II by Northern American and European initiatives and religious groups to help individuals located in places devastated by the war. By

1958, the first Alternative Trading Organization (ATO) emerged, selling products to the United States market (Hutchens 2009) from smallholder buyer-seller relations based on an alternative or direct international trade model (Linton and Rosty 2015). “Pioneer organizations like Sales Exchange for Refugee Rehabilitation and Vocation (SERRV) and Oxfam, and later other faith and development groups, began purchasing handcrafts from poor producers in the Global South at above-market prices, selling them directly to conscientious consumers” (Raynolds and Long 2007:15). ATOs played an important role in expanding the fair trade movement by educating and promoting consumer awareness about fair trade principles. ATOs sought to reduce unjust trading practices through direct relations based on trust, and promotion of ethical and environmental sustainability principles (Raynolds and Long 2007). With the assistance of ATOs fair trade expanded in the 1970s and 1980s, however the movement offered limited product variety and was mainly confined to the sale and purchase of handcrafts. The lack of product diversification and the increased market competition of handcrafts led many ATOs to bankruptcy, forcing the remaining ATOs to rethink new strategies looking “towards consumer needs and to balance these with those of producers. Consumer marketing, product development, and product quality all became important concerns of ATOs, marking increased commercial awareness” (Tallontire 2000:168).

In the second half of the 1980s and through the 1990s, the fair trade movement grew and became institutionalized with the development of a certification system, the creation of different fair trade organizations and the entry of different actors in the fair trade commodity chain (Bennett 2012). The certification system allowed fair trade to grow to meet consumers’ needs and increased availability by enabling other actors outside the ATOs to sell fair trade goods, thus reaching a wider consumer base. In 1988, the Dutch development agency Solidaridad launched the first fair trade label for coffee, Max Havelaar (Fairtrade International 2017a), to counteract the rapid decline

in coffee prices (Hunt 2012). Certification criteria required: 1) producer fair wage payment, prepayment or advance credit to farmers to avoid indebtedness, 2) Premium¹ payment for social development projects and 3) long-term trading relations with democratically organized producer cooperatives or associations (Jaffee 2012). Coffee was the first certified commodity to reach supermarket shelves and over time the label began to certify other products like cocoa, bananas and tea (Jaffee 2012). The emergence and usage of the first fair trade label by ATOs contributed to the expansion of the movement.

The European Fair Trade Association (EFTA) co-founded the TransFair International in 1992 to manage the Transfair Mark across market products in response to the increased consumer and commercial traders' interest in fairly traded products (EFTA 1994). Transfair International also licensed national organizations to monitor, coordinate and promote fair trade products in exchange for license share revenue (Thomson 1995). In 1997, Fairtrade International was established to consolidate the national fair trade initiatives under one system and harmonize the fair trade standards and certification (Fairtrade International 2017a). Fairtrade International sought to coordinate national and international fair trade strategies, promote credibility through third-party certification and unified standards. Fairtrade International promotes fair trade principles through established standards and third-party oversight. The creation of a fair trade product label facilitated the introduction of fair trade commodities to mainstream retailers (Raynolds 2002). With coffee, for instance, the certification enabled: 1) small producers to more successfully compete in the international market, 2) small and mid-sized roasters to enter a niche market to resist domination by agro food corporations, and 3) more recently, large enterprises have used it to diversify product line, "seeking constant innovations in order to stimulate the demand and

¹ It refers to an additional sum of money paid to invest in producer/worker-led projects.

distance themselves from competitors” (Renard 1999:498). Fairtrade International is a non-profit multi-stakeholder association constituted of 23 organizations; three producer networks and 20 national Fairtrade organizations (Fairtrade International 2017b). Fairtrade International established “national licensing initiatives in each consumer countries certified producer organizations to sell fair trade products, and licensed firms that met fair trade criteria to use the seal on the products they purchased from those organized farmers” (Jaffee 2012:103).

2.3 Key Fairtrade International Facts

Fair trade sales have grown significantly in the last few years with the entry of new smallholders, large enterprises and the certification expansion to new commodities and geographic locations. In 2012, Fairtrade International certified sales were valued at US\$ 6.2 billion; the world's largest market for Fairtrade certified products is in the United Kingdom (Raynolds and Greenfield 2015:28). As noted in Table 2.1, more than 1.65 million farmers and workers are part of the Fairtrade International system (Fairtrade International 2015). Although the fair trade certification was originally intended to support small farmers democratically organized into cooperatives or associations, Fairtrade International's most rapid growth is in large enterprises (Raynolds 2012a). Still small producer and contract organizations² represent 87 percent of all Fairtrade sales value (Fairtrade International 2015). In 2014, large enterprises saw a growth in Fairtrade sales revenues of 18 percent over the previous fiscal year, compared to a 2 percent decline³ in revenues for small farmer organizations (Fairtrade International 2015).

² 89 percent of the Fairtrade certified coffee is produced in plot sizes less than 5 hectares (Fairtrade International 2015) and more than half of the world coffee supply is produced on small scale plots (Luttinger and Dicum 2006:44).

³ Reflection of the decline in the global coffee price in 2014 (Fairtrade International 2015).

Table 2.1. Fairtrade International Certification, 2014.

	Small Producer Organizations	Hired Labor Organizations	Total
Fairtrade Sales Revenues^a (US\$ 1,000,000)	1,098.6	166.2	1,264.8
Fairtrade Premium^a (US\$ 1,000,000)	120.4	20.9	141.2
Fairtrade Enterprises	977	229	1,226 ^b
Fairtrade Farmers and Workers	1,447,900 ^c	204,000	1,651,900

^a Euros converted to dollars using the US Federal Reserve average annual exchange rate (2014: US\$ 1.33 = 1 Euro).

^b Includes 20 contract production enterprises.

^c Includes farmers in Fairtrade contract production enterprises.

Source: Adapted by the author using Fairtrade International (2015)

In 2014, the overall number of Fairtrade International certified plantations increased by 4 percent (Fairtrade International 2015). The majority (64%) of Fairtrade International farmers and workers are located in Africa and the middle East⁴ (Fairtrade International 2015). Among small farmer organizations, female representation is only 23 percent, but they represent almost half of the total workforce on plantations (Fairtrade International 2015). Fairtrade International currently certifies bananas, cocoa, coffee, cotton, flowers, sugar, tea, fresh fruits, honey, gold rice, juices, spices and herbs, sport balls and wine. The certification has expanded to include composite products and carbon credits to address climate change (see Fairtrade International 2017c). Table 2.2 shows the sales income of leading Fairtrade International certified products, coffee, bananas, sugar and cocoa and flowers, which account for approximately 89 percent of Fairtrade International sales income (Fairtrade International 2015). Coffee was the first certified product and still the most important commodity, generating 49 percent of the total Fairtrade International

⁴ Meanwhile, over half of the producer organizations (53%) are located in Latin America and the Caribbean (Fairtrade International 2015).

revenue sales (Fairtrade International 2015), earning the largest Premium⁵ in Latin America and the Caribbean (Fairtrade International 2016).

Table 2.2. Top Fairtrade International Labeled Commodities, 2014.

	Fairtrade Sales Volume (MT)	Fairtrade Producer Sales Income (US\$ 1,000,000)^a
Banana	468,200	234.2
Sugar	219,700	58.5
Cocoa	70,600	148.4
Coffee	150,800	623.77
Tea	12,200	19.6
Flowers and Plants	639 ^b	68.9

^a Euros converted to dollars using the US Federal Reserve average annual exchange rate (2014: US\$ 1.33 = 1 Euro).

^b Flowers and plants are measured in million stems.

Source: Adapted by the author using Fairtrade International (2015).

2.4 Global Commodity Network Approach

Unlike traditional social movements that demand state action to address societal issues, the fair trade movement has focused on corporations' practices and the market to promote social justice. The expansion of neoliberalism and globalization has contributed to changes in the global economic structure, impacting commodity supply chains and causing many social movements to rethink their strategies (McMichael 2009). There has been a growth in market-based nonstate regulation and suprastate governance. The fair trade movement is best understood within the global commodity network framework (Raynolds 2009) because it is essentially a critique of the current global market order that exploits and marginalizes producers through unfair trading relations and low commodity prices. The growing power and concentration of buyers in agricultural chains has significantly impacted small farmers and workers, worsening livelihoods, employment conditions and the environment (BASIC 2014). As Gereffi (1994) argued, commodity production involves a linking of a sequence of added value functions dispersed geographically. Commodity studies are

⁵ Between 2014-2015, coffee and bananas accounted for 85 percent of the Premium generated in the region (Fairtrade International 2016).

useful to understand the new global economic and production order, as well as the social organization and relations on multiple actors within a commodity network, because they illustrate the “interconnected processes of raw material production, processing, shipping, distribution, marketing, and consumption embodied in a commodity or set of related commodities” (Raynolds 2004:726).

The global commodity chain literature⁶ suggests that production is essentially linear, represented through a “sequence of operations required to produce and distribute a good or service” (Dicken 2007:13). Some scholars have adopted the commodity (or production) network framework since it implies “multiple relational forms and directions and avoids the linear connotation of ‘chains’ ...” (Levy 2008:943), capturing the governance in coordinating, integrating and regulating networks “connected into particular bounded political, institutional and social settings” (Dicken 2007:16). This approach highlights the power inequality along the supply chain among actors and how these relationships “shape the process of production through networks that are increasingly decentralized, transnational and global” (Kooster 2005:404). Commodity network scholars are interested in addressing not only the market competition of value added chains but the complex socio-political system and network actors’ relations where markets are embedded.⁷ Literature pursuing this framework emphasizes the interconnection among actors, organizations⁸ that influence and shape global production, and the institutional and social context in which networks are embedded (see Barrientos, Gereffi, and Rossi 2011).

In this study, the commodity network framework is utilized to understand the role of different actors in shaping the fair trade coffee supply chains and governance of network relations.

⁶ Production systems that link “the economic activities of firms to technological and organizational networks that permit companies to develop, manufacture, and distribute specific commodities” (Gereffi 1994:96).

⁷ See Levy (2008) for a thorough discussion about the Global Production Network approach.

⁸ E.g. national governments, multinational institutions, non-governmental entities, etc.

The certification of coffee estates has a profound impact on the fair trade network and production, shaping and restructuring actors' relations. Disagreements in the movement about the entry of large enterprises regardless of commodity and geographic region demonstrate how negotiations in global production can generate new regulatory trajectories and control mechanisms with on the ground implications to hired laborers.

2.5 Brief History of the Coffee Market and Supply Chain

Coffee is the second most traded commodity after oil and it has become the symbol of the fair trade movement. Coffee trading is generally intermediated by trade houses, dealers and traders, and larger roasters who often purchase coffee directly from coffee plantations. The roast and ground coffee market is dominated by five large multinational companies: Kraft Foods, Nestle, Sara Lee, J.M. Smucker and Elite (International Trade Centre 2012). Roasters largely dominate the coffee market through consolidation and massive branding investment (Ponte 2002:1110). “Since the liberalisation of the coffee trade in 1989, the coffee value chain has been increasingly influenced by roasters (much more than retailers), above and beyond the historical influence of traders” (BASIC 2014:28). The restructuring of the global coffee chain was influenced by the buyer-driven supply requirements and standards in favor of large roasters, and increased consumption of specialty coffee and stores like Starbucks. In recent years, the power in the coffee supply chain has shifted from producing to consuming countries, where actors in consuming countries retain most of the income, leaving producers with a marginal fraction of the price paid by consumers (Talbot 1997). The changes in the coffee supply chain and governance represent the “substantial transfer of resources from producing to consuming countries, irrespectively of price levels” (Ponte 2001:15).

Historically, coffee was one of the first commodities to be globally controlled through state action (Ponte 2002). Brazil played an important role in the global coffee market particularly pre-World War II with the valorization policy.⁹ As a major coffee producer, Brazil manipulated coffee prices by reducing the global coffee supply, which stabilized coffee prices (Daviron and Ponte 2005; Pendergrast 1999). The Brazilian state “intervened to maximize export revenues or to act as last-resort buyers in times of surplus production” (Seudieu 2008:20). At the turn of the nineteenth century, Brazil produced three-quarters of the world coffee supply (Daviron and Ponte 2005), giving it significant leverage to influence coffee prices. During this period, the Brazilian state worked to establish and strengthen the infrastructure of the Brazilian coffee sector to compete in the international market.

By the 1960s, the international coffee market was fragmented with the European powers establishing discriminatory policies against non-imperial imports and providing direct financial incentives to colonies to expand their production capacities. European countries with colonies “encouraged their overseas territories to increase coffee production with the dual purpose of creating alternative sources of supply within their currency zones and strengthening their economies by developing coffee as a key cash crop” (Seudieu 2008:21). In response to such policies, many colonies started to produce more coffee, increasing production by fifteen-fold in 25 years (Daviron and Ponte 2005). The Inter-American Coffee Agreement between the United States and all Latin American producing countries launched an export quota system. State institutions in many countries started to regulate exports and domestic prices, however the massive overproduction of coffee and its price instability led most producing and consuming countries to sign the International Coffee Agreement (ICA) in 1962 (Daviron and Ponte 2005). This regulatory

⁹ Later known as the permanent defense of coffee policy.

system set a target price for coffee and quotas for each producer. “When the indicator price calculated by the International Coffee Organization (ICO) rose over the set price, quotas were relaxed; when it fell below the set price, quotas were tightened” (Ponte 2001:9). Overall, the ICA provided world market coffee price stability.

The ICA ended in 1989, causing significant structural changes for the coffee supply chain and governance. According to Ponte (2001), coffee prices steadily declined after the collapse of the ICA and consuming country-based operations increased their control over the entire supply chain, including farmers, local traders and producing country governments. The decline of world coffee prices was also related to the mechanization and industrialization of coffee, which allowed coffee farmers to produce massive amounts of coffee that could not be absorbed by the demand. The roasters’ adoption of supplier-managed inventory systems and increased activity in the coffee future markets contributed even more to price instability in this period (Ponte 2001).

In 2012, the global coffee market was worth US\$70.86 billion, with 80 percent of the world’s coffee produced by smallholders (Fairtrade International 2012a:2). While Brazil no longer dominates the coffee trade like it did historically, the country continues to have an important role. Brazil remains the world’s largest coffee producer and exporter, responsible for 34 and 31 percent of worldwide coffee production and export, respectively, followed by Vietnam and Colombia (ICO 2013). Brazil exported more than 35 million bags of coffee between 2015-2016, generating US\$5.3 billion (O Globo 2016) and continues to be an economic force in the coffee sector, influencing coffee prices, production and global consumption. “Brazil has remained the world leader for 150 years while constantly transforming the nature of the coffee industry and diversifying into other crops and industrial products. No other country in the world has maintained such dominance in such a lucrative crop for so long a time” (Topik and Samper 2006:124).

In Brazil, coffee was introduced in the northern region concentrated along the shore when sugar cane plantations were the main economic activity in the country (Mello 2012). Coffee has been a significant commodity for Brazil since the early eighteenth century, replacing sugar in terms of national economic importance.¹⁰ Currently, most of the Brazilian coffee is produced in the states of São Paulo, Minas Gerais,¹¹ Rio de Janeiro, Espírito Santos, Bahia, Paraná, and Goiás (ABIC 2017). In 2015, the Brazilian coffee cultivation area reached approximately 2.25 million hectares, where 79 percent was dedicated to Arabica coffee production (Economia e Emprego 2016). Farms less than 10 hectares in size produce the majority of the Brazilian coffee (Coffee Research Institute 2017). The largest Brazilian coffee buyers are Germany, United States, Italy, Japan and Belgium (Mello 2012). Brazil has a large internal coffee market,¹² consuming about 20.51 million coffee bags with a 4.9kg per capita coffee consumption (Barros 2016). Globally, 127 countries in 2015-2016 consumed Brazilian coffee, with the United States at the forefront (O Globo 2016).

Numerous countries cultivate smaller amounts of coffee, for example, Nicaragua produces only 3.9 percent of Brazil's total coffee production¹³ (International Trade Centre 2012). In 2014/2015, Nicaraguan coffee production reached over 2 million bags¹⁴ (Bolaños 2015). Despite its drastically smaller market share than Brazil, coffee has played a significant role in Nicaraguan national history and economy. Although Nicaragua has never been a world leader in coffee

¹⁰ Brazil's coffee production competitiveness is due to the low production cost of the community and its focus on quantitative parameters has led to the image of inferior quality (Mello 2012).

¹¹ The Brazilian research site is located in Minas Gerais. This state was responsible for 48.7 percent of the total national coffee production in 2014, followed by Espírito Santos (27.6%) and São Paulo (10.3%) (Agência IBGE Notícias 2015).

¹² Global coffee consumption doubled in the last four decades and most of the global coffee consumption growth is in producing countries like Brazil and emerging markets of Eastern Europe and Asia (Fairtrade Foundation 2012).

¹³ World production, 1995/96- 2010/11 ('000 bags) Nicaragua: 1300; Brazil 33.577 (International Trade Centre 2012:13).

¹⁴ 60kg bag.

production, the country has come to rely on coffee exports. The Nicaraguan economy is grounded primarily on agro-export crops like coffee, sugar, rice and cotton, which “are grown on large estates almost exclusively for export” (Saten 2010:9). In comparison to Brazil, coffee cultivation was implemented later in the region and significantly expanded in the late nineteenth century through a consolidated partnership between the state and the agro-export sector, where the former¹⁵ “played a critical role in the development of agroexport production and the marginalization of the peasantry”¹⁶ (Enriquez 1991:10). Coffee cultivation became predominant during Zalaya’s government, who sought to expand and protect the interests of the agro-export sector. Although the Nicaraguan state had extensive autonomy to promote particular sectors, “the country’s economy remained subject to the vacillations of the world market, which could bring it wealth or ruin” (Enriquez 1991:11). This was particularly true in the coffee sector.

In Nicaragua, coffee production began in the Pacific highland region for easy port access, but coffee cultivation significantly expanded with the construction and modernization of roads and railways, and is now concentrated in the north central region in Jinetega, Matagalpa¹⁷ and Nueva Segovia with 35, 28 and 24 percent of total national coffee plantations, respectively (Enriquez 1991; Bolaños 2015). Coffee remains an important commodity in Nicaragua, employing 15 percent of the national labor force, with small producers responsible for 97 percent of coffee production (Bolaños 2015:2). Nicaragua exports most of its coffee to the United States, Germany, Venezuela, Belgium and Canada; the domestic coffee market is relatively small with an average per capita consumption of approximately 2 kg (Bolaños 2015).

¹⁵ Infrastructural, technical and financial support. The Nicaraguan state also passed labor laws to ensure labor supplies to the coffee plantations (Enriquez 1991).

¹⁶ Through land expropriation for the agro-export sector (Enriquez 1991).

¹⁷ The Nicaraguan research site is located in the Matagalpa region.

2.6 The Fair Trade Coffee Market

Coffee has been at the forefront of the fair trade movement and generates the largest fair trade sales. In 2014, Fairtrade International coffee accounted for 49 percent of all Fairtrade producer sales income (Fairtrade International 2015).¹⁸ Fairtrade International coffee comes from 30 countries (Fairtrade International 2017d) and 80 percent of fair trade coffee is consumed in Europe¹⁹ (Hudson et al. 2013). Fair trade coffee certification emerged during a time of drastic decreases in coffee prices (Renard 1999) and it expanded with the sales of certified coffee in corporate chains like Starbucks and Dunkin' Donuts in the United States and worldwide. In the Fairtrade International system, out of 1.6 million Fairtrade International farmers and workers, about half of the Fairtrade producers cultivated coffee²⁰ in 1.1 million hectares worldwide²¹ (Fairtrade International 2015). Fairtrade International coffee farmers cultivated 1.2 billion pounds of Fairtrade certified coffee in 2013-2014 and Fairtrade certified producer organizations sold 28 percent of their coffee as Fairtrade (Fairtrade International 2015). Fairtrade farmers received US\$ 66 million in Fairtrade Premium, representing 47 percent of the total Fairtrade Premium distribution in 2014 (Fairtrade International 2015). Fairtrade International coffee farmers reported Fairtrade Premium²² investment in producer organizations (44%),²³ services for farmers (46%)²⁴ and community (8%)²⁵ (Fairtrade International 2015).

¹⁸ This was 6 percent lower than the previous year, as a result of the decline in coffee prices in 2014 (Fairtrade International 2015:53).

¹⁹ Netherlands, United Kingdom and Germany.

²⁰ 812,500 small-scale farmers organized in 445 producer organizations (Fairtrade International 2015).

²¹ In 2014, the average Fairtrade coffee cultivation area per farmer is 3.6 hectares (ha) in Latin America, 0.8 ha in Africa and Middle East, 1.0 ha in Asia and Pacific (Fairtrade International 2015).

²² 2 percent listed as others.

²³ Investment in facilities and infrastructure (20%), human resources and administration (22%), and training and capacity building of state and board members (2%) (Fairtrade International 2015:78).

²⁴ Payments to farmers (24%), credit and finance services (6%), implementation of on-farm good practices (5%), provision and agricultural tools and inputs (4%), farmer training in agricultural of business practices (3%), other services for farmers or workers (3%), and education and health services (1%) (Fairtrade International 2015:78).

²⁵ Social and economic services (3%), other community services (1%), healthcare (1%), environmental services (1%) and education (1%) (Fairtrade International 2015:78).

Table 2.3. Fairtrade International Coffee Certification, 2010-2014.

	2010	2014 ^a
Fairtrade Coffee Producer Sales Income^b (US\$ 1,000,000)	322.9	623.8
Fairtrade Coffee Premium^b (US\$ 1,000,000)	23.3	65.7
Fairtrade Coffee Sales Volumes (MT)	103,200	150,800
Fairtrade Certifiable Coffee Production Capacity (MT)	330,200	549,400
Total Fairtrade coffee Cultivation Area (Hectares)	717,500	1,105,600
Number of Fairtrade Coffee Farmers	532,000	812,500
Number of Fairtrade Coffee Small Producer Organizations	329	445
Percentage of Fairtrade Female Coffee Farmers	24%	20%

^a Excludes the former Fairtrade International affiliate, Fair Trade USA.

^b Euros converted to dollars using the US Federal Reserve average annual exchange rate (2010: US\$1.33 = 1 Euro; 2014: US\$ 1.33 = 1 Euro).

Source: Compiled by the author using Fairtrade International (2011, 2015).

Latin America is an important geographic region for fair trade coffee cultivation. Table 2.4 shows the top seven Latin American Fairtrade International coffee producing countries. Globally, 80 percent of the Fairtrade international coffee is from Latin America²⁶ and the Caribbean, with most of the Fairtrade International coffee produced in Colombia, Brazil, Peru,²⁷ Nicaragua, Costa Rica and Mexico (Fairtrade International 2015).

Table 2.4. Top 7 Latin American Countries: Fairtrade Coffee Producer Organizations and Production Capacity, 2014.

Country	Fairtrade Producer Organizations	Fairtrade Coffee Production Capacity (MT)
Peru	90	87,300
Colombia	65	162,700
Mexico	46	28,700
Nicaragua	29	32,500
Honduras	25	22,400
Brazil	25	87,600
Costa Rica	8	32,200

Source: Adapted by the Author from Fairtrade International (2015).

²⁶ In 2014, Latin America and the Caribbean had 330 out of 445 coffee producer organizations with Fairtrade coffee certification (Fairtrade International 2015).

²⁷ Peru is the leading Fairtrade organic coffee producer (Fairtrade International 2015).

In North America, coffee is very important for the fair trade movement and often times consumers assume that fair trade is about coffee despite the growing presence of other certified products in the market (Hudson et al. 2013). In the United States, Fairtrade International product sales generated over US\$750 million and nearly US\$ 5 million in Fairtrade Premium in 2014 (Fairtrade America 2015). However, this means Fairtrade products represent less than 5 percent of the U.S. market (Fairtrade America 2016). The U.S. has more than 1,100 Fairtrade certified products and 74 licensees (Fairtrade America 2015). Coffee²⁸ is the largest Fairtrade product by volume²⁹ in the United States (Fairtrade America 2016). In 2014, coffee³⁰ occupied the third Fairtrade retail value position with approximately US\$70 million (Fairtrade America 2015).

2.7 Mainstreaming and Plantation Certification Challenges

Historically, fair trade certification was designed to support small-scale coffee producers, where small mission driven ATOs worked with smallholders and niche retailers to promote producers' well-being and empowerment. In recent years, large corporations are seeking differentiated markets to increase their market share. The entry of large enterprises into fair trade increased the movement's visibility and sales "to reach all consumers, not only the most radical ones, by making products available everywhere and by using promotional messages that speak to everyone" (Velly 2015:266), fueling fair trade certified sales (Raynolds and Murray 2007).

However, there is concern that as fair trade has grown, it has adopted a market mainstreaming strategy to increase the scope and volume of fair trade certified products which may be watering down a commitment to fair trade principles (Raynolds 2009; Reed 2009). Many enterprises purchase a small fraction of their total volume at fair trade terms and although some of

²⁸ Green coffee.

²⁹ In 2015, there was an increase in volume of green coffee by 207 percent in contrast to the previous year (Fairtrade America 2016).

³⁰ Roasted coffee.

them are increasing their commitment, they are doing this under their own set of rules (Bowen 2013). Mass-retail mainstreaming can be viewed as a strategy to promote greater income redistribution to farmers as the fair trade niche market expands (Elliot 2012; Norman 2013). For example, companies like Divine Chocolate and Tropical Wholefoods “have put the empowerment of the growers at the heart of their business activities and have played a vital role in bringing new products into the Fairtrade system” (Norman 2013:216). On the other hand, the entry of large retailers is perceived as weakening fair trade standards and decreasing “the movement’s transformative power” (Jaffee 2010:272). For instance, although companies like Starbucks, Procter Gamble, Nestle and Costco contributed significantly to the increase of certified coffee sales, they “do not support Fair Trade norms in the majority of their sourcing or business arrangements” (Raynolds 2009:1087). The main concern is that without the commitment to increase volume growth, large scale companies “can utilize the fair trade seal to burnish their corporate images and mislead consumers about their overall business practices, without meaningfully altering those practices” (Jaffee 2012:107). The varying commitments of large enterprises to fair trade principles and their growing role in the movement overshadows or can potentially undercut more mission-driven entities (Raynolds 2009).

Over the years, there has been significant dissension over the involvement of large enterprises in the fair trade movement. Although large firms contributed significantly to the rapid growth of fair trade sales, concerns about large enterprises’ ethical and business practices remained in the forefront of the fair trade debate. The global growth of Fairtrade International sales is not only attributed to the entry of large retailers but also to the certification of plantations. In Europe, fair trade organizations³¹ began to certify tea estates in 1994 (Raynolds 2017). Originally, the

³¹ Transfair Germany, the UK Fairtrade Foundation and three other national programs (Raynolds 2017).

certification of estates was “intended as a minor supplement of small-farmer production in crops such as tea and bananas” (Jaffee 2014:para. 2). However, over the years, fair trade expanded the certification to other commodities, with many of them produced by large enterprises. The inclusion of plantations is often justified to expand fair trade benefits to landless workers through worker led projects, raise labor standards, and increase commodity volume beyond small producers’ capacity to meet demand (Raynolds 2017). On the other hand, small producers encounter greater production and market challenges than plantations as they do not have the same: 1) economies of scale, 2) access to capital to improve efficiency and quality control, and 3) transaction costs (Reed 2015:226).³² Large retailers often choose to work with plantations over cooperatives because of their advantaged position, particularly in terms of constant volume delivery and consistent quality (Shreck 2002). Yet small producer organizations argue that there is insufficient demand for Fairtrade coffee to absorb the production of small farmers (Renard 2015).³³ Small farmers, who fear marginalization within the fair trade system due to the greater power and trade capacity of plantations, ultimately advocate for the exclusion of estates from fair trade (Coscione 2014).

Historically, different fair trade stakeholders kept Fairtrade International from expanding to plantations in significant agricultural products like coffee, cocoa and sugar. Fairtrade International has certified hired labor enterprises to “increase certified volumes, expand the product offer and extend benefits to hired workers” (Raynolds 2012b:284), but not in key commodities where they encountered strong opposition from mission-driven fair trade organizations, small producers and consumers (Raynolds 2017). Fairtrade International certification in coffee, cocoa, sugar, honey, rice and cotton remains closed to large producers

³² See Reed (2015) for other arguments like anti-competitive practices.

³³ In 2014, 27 percent of the coffee production from small producer organizations were sold under the Fairtrade label (Fairtrade International 2015).

(Raynolds 2017:9). For Fairtrade International (2012b), the challenges to certify coffee plantations are different than for tea, flowers or bananas because these crops have year-round operations with a significant permanent workforce who often reside on or nearby the plantations, enabling direct and continuous access to the Fairtrade Premium benefits and promotion of independent democratic decision making. In addition, “opening the Fairtrade system to plantations with large coffee volumes could also threaten small producer organizations that cannot operate on the same scale...” (Fairtrade International 2012b:para. 2).

2.8 Conclusion

The fair trade certification emerged during the coffee trade regulation era,³⁴ that stabilized coffee prices and supply to address trade asymmetry that disadvantaged producers (Jaffee 2012). During that time, the political and economic national and international contexts were also changing with the rise of the neoliberalist agenda, spread of globalization and internationalization of the division of labor (McMichael 2008). As a private regulation system and alternative agrifood initiative, fair trade principles over time became institutionalized through certification standards, however they are “not free from manipulation, power struggles and opportunistic behaviour” (Ponte 2004:8). Standards determine the inclusion and exclusion thresholds, supply chain value added distribution, monitoring criteria and translation of values into certification requirements, generating contestation rooted in power inequality along the supply chain. Although differences in crop operations might pose distinct certification challenges, neither Fair Trade USA or Fairtrade International³⁵ have been successful in addressing the asymmetric power relations inherent in

³⁴ International Coffee Agreement quota system.

³⁵ It is important to note that unlike Fair Trade USA, Fairtrade International has made significant progress in strengthening hired labor organization standards like requiring living wages payment and proactive support for unionization (Raynolds 2017).

estates.³⁶ It is important to note that while standards help coordinate supply chains, they are “political spheres of action because they shut out some interests while serving others” (Ponte 2004:8).

In fair trade, disagreements are clearly visible with the adoption of mainstream strategies like the entry of large enterprises into the movement, resulting in certification standard changes to align with corporate interests (Reed 2009) and the certification of estates (Jaffee and Howard 2016). Historically, fair trade organizations emerged from a “mission-based approach,” but recently “they face significant pressure to adopt conventional business practices” (Raynolds and Greenfield 2015:26). Fair trade critics often refer to the mainstreaming approach as diluting, weakening and coopting the fair trade standards and the movement (Jaffee 2010; Renard 2005). Although this strategy may create challenges, it is important to note the significant commercial growth of fair trade with this approach (Raynolds and Greenfield 2015).

In the United States, disagreements regarding how to translate the fair trade movement’s principles into standards, often times diverging between mission and market driven strategies (Raynolds 2009), has led to the emergence of a number of competing third-party certification systems, “raising the potential for confusion and setting off competition among the seals to attract licensee firms” (Jaffee and Howard 2016:814). Even more importantly as will be explored in the next chapter, Fair Trade USA has resigned from Fairtrade International to certify plantations in crops previously excluded from Fairtrade International. Fair Trade USA’s new strategy is the most contested issue in the United States fair trade movement, with strong opposition from small producers and mission-driven fair trade organizations. For Jaffee and Howard (2016:822), Fair Trade USA certification of coffee estates “poses few barriers to conventional agribusiness

³⁶ Some critics argue that the fair trade certification is not the best approach to address worker exploitation in plantations.

practices...” This dissertation seeks to inform ongoing debates, drawing on Nicaraguan and Brazilian case studies to provide insights about the impact of the Fair Trade USA certification on hired labor and contributions to understanding the distinct certification outcomes embedded in specific national and local contexts.

References

- ABIC. 2017, "História Do Café": Associação Brasileira da Indústria de Café. Retrieved 23 September, 2017 (<http://www.abic.com.br/publicue/cgi/cgilua.exe/sys/start.htm?sid=38>).
- Agência IBGE Notícias. 2015. *PAM 2014: Recorde de Produção da Soja Impulsiona Agricultura* Congress. Retrieved 25 July 2017 (<https://agenciadenoticias.ibge.gov.br/2013-agencia-de-noticias/releases/9688-pam-2014-recorde-de-producao-da-soja-impulsiona-agricultura.html>).
- Barrientos, Stephanie, Gary Gereffi and Arianna Rossi. 2011. "Economic and Social Upgrading in Global Production Networks: A New Paradigm for a Changing World." *International Labour Review* 150(3-4):319-40.
- Barros, Sergio. 2016. "Brazil Coffee Annual Report." *Global Agricultural Information Network*. USDA Foreign Agricultural Service.
- BASIC. 2014. "Who's Got the Power? New Study Confirms Imbalances in Agricultural Supply Chains." Fair Trade Advocacy Office; Traidcraft; PFCE; Fairtrade Deutschland.
- Bennett, Elizabeth. 2012. "A Short History of Fairtrade Certification Governance." Pp. 43-78 in *The Processes and Practices of Fair Trade: Trust, Ethics and Governance*, edited by J. Dine and B. Granville. London: Routledge.
- Bolaños, Jimmy. 2015. "Nicaragua Coffee Annual Report." *Global Agricultural Information Network*. USDA Foreign Agricultural Service.
- Bowen, Anna. 2013, "Do Transnational Corporations Have a Place in Fair Trade?": Why Dev: Committed to getting development right. Retrieved 17 July, 2017 (<http://www.whydev.org/do-transnational-corporations-have-a-place-in-fair-trade/>).
- Coffee Research Institute. 2017, "Brazilian Coffee Beans": Coffee Research Institute. Retrieved 24 July, 2017 (<http://www.coffeeresearch.org/coffee/brazil.htm>).
- Coscione, Marco. 2014. *In Defense of Small Producers: The Story of CLAC*. Halifax, NS: Fernwood Books.
- Daviron, Benoit and Stefano Ponte. 2005. *The Coffee Paradox: Global Markets, Commodity Trade and the Elusive Promise of Development*. New York; London: Zed Books in Association with the CTA.
- Dicken, Peter. 2007. *Global Shift: Mapping the Changing Contours of the World Economy*. New York: Guilford Press.
- Economia e Emprego. 2016, "Brasil Poderá Ter a 2ª Maior Produção de Café da História": Portal Brasil. Retrieved 1 July, 2017 (<http://www.brasil.gov.br/economia-e-emprego/2016/01/brasil-podera-ter-a-2a-maior-producao-de-cafe-da-historia>).

- EFTA. 1994, "Joining Fair Trade Forces in Europe": The European Fair Trade Association. Retrieved 17 March, 2017 (<http://www.web.net/~bthomson/fairtrade/fair711.html>).
- Elliot, Kimberly. 2012. "Is My Fair Trade Coffee Really Fair? Trends and Challenges in Fair Trade Certification." Paper presented at the Center for Global Development Policy Paper 017 (<https://www.cgdev.org/publication/my-fair-trade-coffee-really-fair-trends-and-challenges-fair-trade-certification>).
- Enríquez, Laura. 1991. *Harvesting Change: Labor and Agrarian Reform in Nicaragua, 1979-1990*. Chapel Hill: University of North Carolina Press.
- Evans, Peter. 2008. "Is an Alternative Globalization Possible?". *Politics and Society* 36(2):271-305.
- Fairtrade America. 2015. "Fairtrade-Growing Locally, Connected Globally: Annual Report and Impact Report 2014-2015." Washington, DC: Fairtrade America.
- Fairtrade America. 2016. "Sustainability from the Ground Up: Annual Report & Impact 2015-2016." Washington, DC: Fairtrade America.
- Fairtrade Foundation. 2012, "Fairtrade and Coffee" *Commodity Briefing*: Fairtrade Foundation. Retrieved 11 August, 2017 (https://www.fairtrade.net/fileadmin/user_upload/content/2009/resources/2012_Fairtrade_and_coffee_Briefing.pdf).
- Fairtrade International. 2011. "Monitoring the Scope and Benefits of Fairtrade." *Third Edition*. Bonn, Germany: Fairtrade International.
- Fairtrade International. 2012a. "Fairtrade and Coffee." *Commodity Briefing*. Fairtrade Foundation.
- Fairtrade International. 2012b, "Q&A on Fairtrade International and Fair Trade USA": Fairtrade International. Retrieved 23 July, 2017 (<https://www.fairtrade.net/about-fairtrade/fairtrade-in-the-usa/on-flo-and-fair-trade-usa.html>).
- Fairtrade International. 2015. "Monitoring the Scope and Benefits of Fairtrade." *Seventh Edition*. Bonn, Germany: Fairtrade International.
- Fairtrade International. 2016. "Monitoring the Scope and Benefits of Fairtrade." *Eighth Edition*. Bonn, Germany: Fairtrade International.
- Fairtrade International. 2017a, "History of Fairtrade": Fairtrade International. Retrieved 15 September, 2017 (<https://www.fairtrade.net/about-fairtrade/history-of-fairtrade.html>).
- Fairtrade International. 2017b, "The Fairtrade System": Fairtrade International. Retrieved 17 September, 2017 (<https://www.fairtrade.net/about-fairtrade/fairtrade-system.html>).
- Fairtrade International. 2017c, "Fairtrade Carbon Credits": Fairtrade International. Retrieved 10 September, 2017 (<https://www.fairtrade.net/products/carbon-credits.html>).

- Fairtrade International. 2017d, "Fairtrade Coffee Facts": Fairtrade International. Retrieved 15 June, 2017 (<https://www.fairtrade.net/products/coffee.html>).
- Gereffi, Gary. 1994. "The Organization of Buyer-Driven Global Commodity Chains: How U.S. Retailers Shape Overseas Production Networks." Pp. 95-122 in *Commodity Chains and Global Capitalism*, edited by G. Gereffi and M. Korzeniewicz. Westport, CT: Praeger.
- Hudson, Mark, Ian Hudson and Mara Fridell. 2013. *Fair Trade, Sustainability, and Social Change*, Edited by T. Shaw. London: Palgrave Macmillan.
- Hunt, Jilly. 2012. *Fair Trade*. Chicago: Raintree Publishers.
- Hutchens, Anna. 2009. *Changing Big Business: The Globalisation of the Fair Trade Movement*. Cheltenham: Edward Elgar.
- ICO. 2013. "Exporting Countries: Total Production Crop Year Commencing: 2008 to 2013." International Coffee Organization.
- International Trade Centre. 2012. "The Coffee Exporter's Guide 2011." *Third Edition*. Geneva, Switzerland: International Trade Centre.
- Jaffee, Daniel. 2010. "Fair Trade Standards, Corporate Participation, and Social Movement Responses in the United States." *Journal of Business Ethics* 92(2):267-85.
- Jaffee, Daniel. 2012. "Weak Coffee: Certification and Co-Optation in the Fair Trade Movement." *Social Problems* 59(1):94-116.
- Jaffee, Daniel. 2014, "Is There Room for Plantations in Fair Trade?": Fair World Project. Retrieved 23 February, 2017 (<http://fairworldproject.org/voices-of-fair-trade/is-there-room-for-plantations-in-fair-trade/>).
- Jaffee, Daniel and Philip H. Howard. 2016. "Who's the Fairest of Them All? The Fractured Landscape of U.S. Fair Trade Certification." *Agriculture and Human Values* 33(4):813-26.
- Kooster, Dan. 2005. "Environmental Certification of Forests: The Evolution of Environmental Governance in a Commodity Network." *Journal of Rural Studies* 21:403-317.
- Levy, David L. 2008. "Political Contestation in Global Production Networks." *Academy of Management Review* 33(4):943-63.
- Linton, April and Claudia Rosty. 2015. "The US Market and Fair Trade Certified." Pp. 333-51 in *Handbook of Research on Fair Trade*. Northampton, MA, USA; Cheltenham, UK: Edward Elgar Publishing.
- Luttinger, Nina and Gregory Dicum. 2006. *The Coffee Book: Anatomy of an Industry from Crop to the Last Drop*. New York: The New Press.

- McMichael, Philip. 2008. *Development and Social Change: A Global Perspective*. Los Angeles: Pine Forge Press.
- McMichael, Philip. 2009. "A Food Regime Analysis of the 'World Food Crisis'." *Agricultural Human Values* 26:281-95.
- Mello, Juliana. 2012. "Brazilian Coffee Industry" *The Brazil Business*. Retrieved 13 August, 2017 (<http://thebrazilbusiness.com/article/brazilian-coffee-industry>).
- Norman, Richard. 2013. "The Fair Trade Movement." Pp. 298 in *Practical Ethics for Food Professionals: Ethics in Research, Education and the Workplace*, edited by P. Clark and C. Ritson. Hoboken, N.J.; Chicago, IL; West Sussex, U.K: Wiley-Blackwell.
- O Globo. 2016, "Brasil Foi Maior Produtor e Exportador de Café Do Mundo no Último Ano Safra": O Globo. Retrieved July 21, 2017 (<http://g1.globo.com/economia/agronegocios/agro-a-industria-riqueza-do-brasil/noticia/2016/07/brasil-foi-maior-produtor-e-exportador-de-cafe-do-mundo-no-ultimo-ano-safra.html>).
- Pendergrast, Mark. 1999. *Uncommon Grounds: The History of Coffee and How It Transformed Our World*. New York, NY: Basic Books.
- Ponte, Stefano. 2001. *The 'Latte Revolution'?: Winners and Losers in the Restructuring of the Global Coffee Marketing Chain*. Copenhagen: Centre for Development Research.
- Ponte, Stefano. 2002. "The 'Latte Revolution'? Regulation, Markets and Consumption in the Global Coffee Chain." *World Development* 30(7).
- Ponte, Stefano. 2004. "Standards and Sustainability in the Coffee Sector: A Global Value Chain Approach." *Sustainable Commodity Initiative*. International Institute for Sustainable Development; United Nations.
- Raynolds, Laura T. 2002. "Consumer/Producer Links in Fair Trade Coffee Networks." *Sociologia Ruralis* 42(4):404–24.
- Raynolds, Laura T. 2004. "The Globalization of Organic Agro-Food Networks." *World Development* 32(5):725-43.
- Raynolds, Laura T. 2009. "Mainstreaming Fair Trade Coffee: From Partnership to Traceability." *World Development* 37(6):1083-93.
- Raynolds, Laura T. 2012a. "Fair Trade Flowers: Global Certification, Environmental Sustainability, and Labor Standards." *Rural Sociology* 77(4):493-519.
- Raynolds, Laura T. 2012b. "Fair Trade: Social Regulation in Global Food Markets." *Journal of Rural Studies* 28(3):276-87.

- Raynolds, Laura T. 2017. "Fairtrade Labour Certification: The Contested Incorporation of Plantations and Workers." *Third World Quarterly* 38(7):1473-92.
- Raynolds, L. T. and Elizabeth Bennett, eds. 2015. *Handbook of Research on Fair Trade*. Northampton, MA, USA; Cheltenham, UK: Edward Elgar Publishing.
- Raynolds, Laura T. and Nicholas Greenfield. 2015. "Fair Trade: Movement and Markets." Pp. 24-41 in *Handbook of Research on Fair Trade*, edited by L. T. Raynolds and E. Bennett. Cheltenham, UK; Northampton, MA, USA: Edward Elgar Publishing.
- Raynolds, Laura T. and Michael A. Long. 2007. "Fair/Alternative Trade: Historical and Empirical Dimensions." Pp. 15-32 in *Fair Trade: The Challenges of Transforming Globalization*, edited by L. T. Raynolds, D. Murray and J. Wilkinson. New York: NY: Taylor and Francis.
- Raynolds, Laura T. and Douglas Murray. 2007. "Fair Trade: Contemporary Challenges and Future Prospects." Pp. 223-34 in *Fair Trade: The Challenges of Transforming Globalization*, edited by L. Raynolds, D. Murray and J. Wilkinson. New York: NY: Taylor and Francis.
- Raynolds, Laura T., Douglas Murray and John Wilkinson. 2007. *Fair Trade: The Challenges of Transforming Globalization*. New York: NY: Taylor and Francis.
- Reed, Darryl. 2009. "What Do Corporations Have to Do with Fair Trade? Positive and Normative Analysis from a Value Chain Perspective." *Journal Business Ethics* 86(3):3-26.
- Reed, Darryl. 2015. "Cooperatives, Corporations and Fair Trade." Pp. 211-29 in *Handbook of Research on Fair Trade*, edited by L. T. Raynolds and E. Bennett. Cheltenham, UK; Northampton, MA, USA: Edward Elgar Publishing.
- Renard, Marie-Christine. 1999. "The Interstices of Globalization: The Example of Fair Coffee." *Sociologia Ruralis* 39(4):484-500.
- Renard, Marie-Christine. 2005. "Quality Certification, Regulation and Power in Fair Trade." *Journal of Rural Studies* 21(4):419-31.
- Renard, Marie-Christine. 2015. "Fair Trade for Small Farmer Cooperatives in Latin America." Pp. 475-90 in *Handbook of Research on Fair Trade*, edited by L. T. Raynolds and E. Bennett. Northampton, MA, USA; Cheltenham, UK: Edward Elgar Publishing.
- Saten, Clifford. 2010. *The History of Nicaragua*. Santa Barbara, CA: Greenwood.
- Seudieu, Denis O. 2008. "The Coffee Industry: History and Future Perspectives." Pp. 19-26 in *Plant-Parasitic Nematodes of Coffee*, edited by R. Souza. Dordrecht: Springer Netherlands.
- Shreck, Aimee. 2002. "Just Bananas? Fair Trade Banana Production in the Dominican Republic." *International Journal of Sociology Agriculture and Food* 10(2):13-23.
- Smith, Jackie. 2008. *Social Movement for Global Democracy*. Baltimore: MD: Johns Hopkins University Press.

- Talbot, John M. 1997. "Where Does Your Coffee Dollar Go? The Division of Income and Surplus Along the Coffee Commodity Chain." *Comparative International Development* 32(2):56-91.
- Tallontire, Anne. 2000. "Partnerships in Fair Trade: Reflections from a Case Study of Cafedirect." *Development in Practice* 10(2):166-77.
- Thomson, Bob. 1995, "A History of Fair Trade Labels": Fair TradeMark Canada. Retrieved 12 August, 2017 (http://www.web.ca/~bthomson/geocities/label_history.html).
- Topik, Steven and Mario Samper. 2006. "The Latin American Coffee Commodity Chain: Brazil and Costa Rica." Pp. 118-46 in *From Silver to Cocaine: Latin American Commodity Chains and the Building of the World Economy, 1500-2000*, edited by S. Topik, C. Marichal and Z. Frank. Durham: Duke University Press.
- Velly, Ronan Le. 2015. "Fair Trade and Mainstreaming." Pp. 265-80 in *Handbook of Research on Fair Trade*, edited by L. T. Reynolds and E. Bennett.
- Wilkinson, John. 2007. "Fair Trade: Dynamic and Dilemmas of a Market Oriented Global Social Movement." *Journal of Consumer Policy* 30(3):219-39.
- Wunderlich, Uwe. 2011. "Free Trade, Fair Trade and Globalization." Pp. 12-23 in *The Politics of Fair Trade: A Survey*, edited by M. Warrier. New York: Routledge.

CHAPTER 3: FAIR TRADE USA AND THE CERTIFICATION OF COFFEE ESTATES

3.1 Introduction

Mainstreaming is at the heart of the debate for the United States fair trade movement (Raynolds 2009). Fair Trade USA has long advocated for market-oriented strategies. This tendency is historically observed during discussions about the expansion of factory certification in the beginning of the 2000s, when Fair Trade USA actively supported it (Raynolds 2017). The increased demand of fair trade certified products from supermarket chains and corporations stimulated the growth of plantation certification. (Renard 2015). Over the years, Fair Trade USA's vision to expand fair trade beyond niche markets led to partnerships with large enterprises, and more recently, the certification of estates in commodities historically restricted to cooperatives. As an independent entity, Fair Trade USA expanded the fair trade benefits to landless workers in different commodity sectors and marketed it as an inclusive poverty alleviation approach (Fair Trade USA 2011a). This chapter addresses the fair trade coffee plantation certification debate that resulted in Fair Trade USA's departure from Fairtrade International and the new Fair Trade USA Agricultural Production Standard. This chapter also provides insights into the fair trade market in the United States, a brief history of fair trade in North America and an overview of the Fair Trade USA organization.

3.2 The Certification of Coffee Plantations

Fair Trade USA's resignation from Fairtrade International resulted from disagreements over the certification of plantations, particularly in coffee (Hudson et al. 2013; Linton and Rosty 2015; Raynolds 2012; Sherman 2012). Fair Trade USA's endorsement of large enterprises was a logical strategy to achieve the goal to double their fair trade impact by 2015 (Fair Trade USA

2011b, 2013b). According to Rice (2012:para. 1), Fair Trade USA wanted to move towards a new direction to significantly increase the effectiveness and reach of the Fair Trade model.” Historically, Fair Trade USA has played an active role advocating for the certification of plantations to increase fair trade sales beginning when it was still an affiliate of Fairtrade International. For instance, Fair Trade USA “used its board position to push Fairtrade International to pursue garment certification, initiating a yearlong consultation and standard setting process in 2006” (Raynolds 2017:10). With Fair Trade USA’s membership termination from Fairtrade International, Fairtrade Canada temporarily oversaw Fairtrade International’s efforts until the establishment of Fairtrade America in 2013 in Washington, D.C. (Fairtrade International 2012). Fairtrade America was “developed by FTI [Fairtrade International] in reaction to Fair Trade USA’s departure” (Jaffee and Howard 2016:814). Fairtrade America is the Fairtrade International representative in the U.S. market, operating alongside the now independent Fair Trade USA and other labels like Fair for Life and Small Producer Symbol.³⁷

After announcing the departure, Fair Trade USA launched the *Fair Trade for All* campaign seeking to double U.S. sales by 2015 and expand fair trade benefits (Fair Trade USA 2011b). To generate additional income and development funds for workers and producers, Fair Trade USA's strategy encompassed: 1) investment in cooperatives to strengthen farming communities, 2) expansion of the fair trade model to include hired labor organizations regardless of commodity type or geographic region, and 3) engaging consumers through promotional campaigns and partnership with retailers and NGOs (Fair Trade USA 2011b). In particular, Fair Trade USA intended to expand the certification to farm workers and independent smallholders starting with

³⁷ Label established by the Latin American and Caribbean Assembly of Organized Producers (CLAC).

coffee, while “strengthening existing Fair Trade cooperatives – building business capacity, improving quality and increasing competitiveness” (Fair Trade USA 2013a:para. 2).

The Fair Trade USA certification of plantations, especially in coffee is controversial, receiving “a strong backlash in the fair-trade community, particularly among small farmers and co-ops who contend that larger plantations will eventually put them out of business”³⁸ (Hill 2012:para. 2). Small producers are not only concerned about the implications of the coffee estate certification, but how Fairtrade International responds in favor of small producers and strengthens their market position³⁹ (Coscione 2014:98). For instance, fair trade coffee cooperatives⁴⁰ in Brazil raised significant concerns about Fair Trade USA’s decision to certify one of the largest coffee producers and exporters in the country, questioning cooperatives’ ability to compete within the fair trade niche market. In a letter to the president of Fair Trade USA, the Brazilian Fairtrade Producer Organization Association stated that over the years, the sales of certified coffee promoted local development, improved the life quality of producers and financially benefited communities in the region and thus, to increase fair trade impact, Fair Trade USA should focus on expanding the certification of family farmers not yet certified.⁴¹ Other fair trade organizations and producer networks also manifested concerns with the new direction of Fair Trade USA. For instance, although Equal Exchange helped to launch Fair Trade USA in 1998 (Raynolds 2012:281), the organization expressed discontent with the certification of coffee plantations via multiple venues,

³⁸ Critics of the Fair Trade USA’s new strategy: Fair World Project, United Students for Fair Trade, Alliance of Fair Trade Producer Networks, Latin American and Caribbean Network of Small producers, Equal Exchange, producer organizations and cooperatives, etc.

³⁹ Coscione (2014:98) raised the following questions: “1) how will it help the small producers’ organizations so that they do not lose their market and can continue to improve their position in it? 2) How will the Fairtrade International coffee of small producers’ organizations be differentiated from the coffee under other certifications, from plantations or unorganized producers’ coffee? 3) How will small producers’ empowerment will be achieved in this context? 4) Are we completely sure that Fairtrade International will not take the same road as Fair Trade USA?”

⁴⁰ Out of about 20, only one Brazilian fair trade coffee cooperative showed support for the Fair Trade for All project (see Fair Trade USA 2012a).

⁴¹ Unpublished letter from the Brazilian Fairtrade Producer Organization Association in 2012.

emphasizing the importance to support smallholders as they are the *backbone* of the global food supply and sustainable development (Equal Exchange n.d.). For Equal Exchange, fair trade is not the appropriate venue to address labor concerns, they stated, “one of the big challenges facing movement is to figure out whether fair trade certification is the best tool within the just economy to address the concerns of workers on coffee estates” (Fair World Project n.d.:para. 8). The producer networks and national labeling initiatives like Fairtrade Africa, Network of Asian Producers, La Red Café and Coordinator of Fairtrade Small Producers in Latin America and the Caribbean (CLAC) share similar concerns about the impact on small producers’ livelihoods, the movement’s direction, and consumer trust in the label (Fair Trade Resource Network 2011). Equal Exchange heavily criticized Fair Trade USA⁴² for lowering standards, threatening the existence of cooperatives (Bowen 2013). Equal Exchange also published an open letter to Keurig Green Mountain to withdraw its support of the Fair Trade USA certification of coffee estates (Equal Exchange 2012).

Despite these concerns, Fair Trade USA began to certify coffee estates and independent smallholders in 2012 through the Coffee Innovation Pilot Program, aiming at expanding the certification to other commodities such as cocoa and cotton. The pilot project certified 10 coffee estates⁴³ in Brazil, Nicaragua, Colombia, Costa Rica, Honduras, Ethiopia and Peru⁴⁴ (Linton and Rosty 2015),⁴⁵ representing 9,000 farmers and workers (Fair Trade USA 2013b). In 2013, Fair Trade USA published the first-year results of the Coffee Innovation Program, demonstrating an

⁴² Besky (2015:1142) argued that the disagreement between Equal Exchange and Fair Trade USA is largely based “on narratives about tea plantations.”

⁴³ Recommended by Allegro Coffee, the first Fair Trade Certified coffee estate was Nossa Senhora de Fatima located in Brazil, which is a 230 hectares family owned and 100 percent organic farm (Fair Trade USA 2013a; Hardie 2013; Fair Trade USA 2012b).

⁴⁴ Many coffee estates have one or more social and/or environmental certifications in addition to fair trade (Linton and Rosty 2015).

⁴⁵ See Linton and Rosty (2015:344) for the complete list of the coffee pilot estates.

increase in: 1) the amount of Fair Trade Certified (Fair Trade USA certified) coffee imports (18%),⁴⁶ 2) the number of cooperatives (23%) partnered with Fair Trade USA, and 3) the number of fair trade organic coffee imports (50%) (Fair Trade USA 2013a). In the first year, Fair Trade USA registered only 0.2 percent imports to the United States from Fair Trade Certified coffee pilot estates (Fair Trade USA 2013a). Although this preliminary assessment indicated that cooperatives were not significantly impacted by certification of estates, it raised questions about the long-term sustainability of coffee estate certification in securing coffee buyers and expanding the market for these estates.

Fair Trade USA's stated intention is to broaden fair trade's benefits of empowerment, better working conditions and livelihoods to the landless workers, however many questions remain regarding Fair Trade Certified's impact on hired labor and certified cooperatives. It is still unclear how the organization plans to address the challenges of seasonal workers and unequal power relations of plantations. In addition, critics of Fair Trade USA's business model raised concerns about consumers' confusion over whether the fair trade products are supporting coffee cooperatives or plantations (Hill 2012; Jaffee and Howard 2016) because Fair Trade USA's label does not differentiate between coffee produced by cooperatives or plantations. For instance, the first Fair Trade Certified coffee from an estate was sold by Whole Foods Market under the Allegro brand with the same label as coffee from cooperatives (Fair World Project n.d.).

Another challenge is the lack of fair trade coffee plantation buyers. "Despite purchasing less than half as much total coffee as Starbucks" (Howard and Jaffee 2013:81), Keurig Green Mountain has been the largest Fair Trade USA certified purchaser since 2010 (Fair Trade USA 2017a), and remains the sole Fair Trade Certified coffee plantation buyer.⁴⁷ Keurig Green

⁴⁶ Includes new and existing farms.

⁴⁷ At the time of this research.

Mountain is a US\$9 billion company and a historical Fair Trade USA partner⁴⁸ (Fair Trade USA 2013b). Unlike Starbucks, Keurig Green Mountain began to purchase fair trade products to communicate its social and environmental commitments to consumers, finding a strategic market approach in fair trade to “diversify its products and to differentiate itself from other enterprises in the sector” (Coscione 2014:86). The company originally purchased 3 percent of its total sales as fair trade certified in 2010 (Coscione 2014), but over time this number has increased to 21 percent (Keurig Green Mountain 2016). Keurig Green Mountain supported Fair Trade USA’s coffee pilot program because of its approach “designed to innovate and seek ways to expand the fair trade model to allow more farmers and workers to benefit, which is in line with our reasons for embracing the fair trade movement over the year” (Keurig Green Mountain n.d.:para 2). However, the company has purchased Fair Trade Certified coffee from estates without using the Fair Trade USA label, arguing that they needed to learn more about this initiative’s impact on coffee workers and small-scale farmers, “specifically how the benefits of fair trade will be applied through an expanded model and how impact will be delivered, measured, monitored and evaluated” (Keurig Green Mountain n.d.:para.3). Keurig Green Mountain has not purchased Fair Trade Certified coffee from all coffee pilots nor has it purchased a significant amount.⁴⁹ The lack of additional buyers and the limited Keurig Green Mountain purchases led coffee pilots like Fazenda Primavera in Brazil to abandon the certification after a year in the program, without any Fair Trade Certified coffee sales. It is still unclear whether the limited Keurig Green Mountain purchase was due to a fear of negative publicity, or other factors like the low coffee quality⁵⁰ of these estates. It is

⁴⁸ Robert Stiller, founder of Keurig Green Mountain, is a member of the Fair Trade USA board of directors (Fair Trade USA 2017a).

⁴⁹ The average annual purchase has been limited to 2 containers in both research sites per year.

⁵⁰ A similar challenge was experienced by Brazilian coffee cooperatives as a large portion of coffee beans from cooperatives were of insufficient quality to sell in the fair trade market (Ruyffelaere 2014).

important to note that both research sites indicated strict guidelines and high quality demand when exporting Fair Trade Certified coffee to Keurig Green Mountain.

3.3 Brief History of Fair Trade in North America

In North America, the fair trade roots can be traced back to the work of Ten Thousand Villages⁵¹ in the 40s and 50s, becoming the largest fair trade retailer in North America (Fair Trade Federation n.d.). During the 1970s and 1980s, North American organizations began to articulate and establish networks to support producers from the South, later known as the North American Alternative Trade Organization (NAATO), which then incorporated into the Fair Trade Federation in 1994 (Fair Trade Federation n.d.). In 1989, the World Fair Trade Organization⁵² was created, and together with NAATO, began to promote fair trade “principles of fair wage, gender equality, long-term relationships, concern for the environment, democratic decision making, safe working conditions, respect for culture and prohibition of child exploitation” (One World Fair Trade 2012:para. 6). In the same year, Equal Exchange was founded, importing coffee under the fair trade model into the United States.

Under Fairtrade International, TransFair USA, now Fair Trade USA, emerged as a national fair trade initiative in 1997 under the Institute for Agricultural and Trade Policy, becoming an independent non-profit organization in 1999. It moved its headquarters to Oakland, California at that time (Jaffee 2010; 2012) under the leadership of Paul Rice, who received seed money from the Ford Foundation (Linton and Rosty 2015). The launch of TransFair USA was contentious and slow, indicating “several ideological and tactical conflicts between various American ATOs” (Bennett 2012:53). Divergence of how to increase the scope of the movement has been a historical source of disagreements between different fair trade organizations. Differences of opinion

⁵¹ Formerly Self Help Crafts.

⁵² Formerly the International Fair Trade Association (IFAT).

prevented national labeling initiatives “from committing to a more formalized coordination arrangement” (Auld 2014:143; Jaffee 2012). Some of the dissent centered around: 1) whether to expand fair trade beyond smallholders, 2) certification of different products, 3) mainstreaming vs. mission-based approaches, 4) label finance, and 5) degree of activity coordination (Bennett 2012:53). Despite significant disagreements with other affiliated entities, Fair Trade USA joined the umbrella organization, Fairtrade Labelling Organizations, as a Fairtrade affiliate in 1997.

Historically, Fair Trade USA has taken a different fair trade approach in contrast to its counterparts by distancing itself from the traditional fair trade initiatives and niche markets. Once part of Fairtrade International, Fair Trade USA “quickly adopted a concerted ‘mainstreaming’ strategy to increase the volume of fair trade sales through conventional retail venues and under existing commercial brands, as opposed to the alternative trade groups that had dominated fair trade thus far” (Jaffee 2012:103). Fair Trade USA pursued a different path from the start, signing agreements with large transnational enterprises⁵³ like Starbucks and Dole (Crowell and Reed 2009; Jaffee 2014), favoring “the individualized consumer choice model enshrined in its logo ‘every purchase matters’” (Raynolds 2012:282). In the United States, the rapid increase of fair trade sales is particularly attributed to large enterprises, who are at the forefront to expand fair trade beyond traditional niche markets (Linton and Rosty 2015:335). The role of these large corporations is often viewed as a source of influence in Fair Trade USA’s mainstream decisions and weakening of certification standards. Fridell (2014:116) argues that Starbucks has influenced the fair trade standards from within. While only purchasing a small fraction of Fair Trade Certified coffee, Starbucks became the largest single seller in North America with significant influence over Fair Trade USA’s decisions. Potential manipulation and cooption of fair trade standards by large

⁵³ Fair Trade USA’s largest licenses are Starbucks, Green Mountain Coffee; J.M. Smuckers; Dunkin’ Donuts (Jaffee 2014:309).

enterprises (see Jaffee 2010; 2014) led many fair trade organizations to forego the certification (Raynolds and Murray 2007). More recently, Fair Trade USA's mainstreaming approach led firms like Ben & Jerry's, Divine Chocolate, Green & Black's and Wholesome Sweeteners to switch to Fairtrade America (Jaffee and Howard 2016). In general, large enterprises played a significant role in pressuring to expand fair trade certification to large plantations, particularly in coffee.

3.4 The Fair Trade USA Market

The United States has the second largest fair trade certified market (Raynolds 2012). Fair Trade USA product sales reached nearly US\$6 billion (Rice 2017) and generated US\$44 million in Premium (Fair Trade USA 2016). Fair Trade USA reported a 9 percent increase in the volume of Fair Trade Certified coffee in 2015, generating over US\$32.7 million in Community Development Premium (Fair Trade USA 2015a). Fair Trade USA certified product imports increased in coffee, produce, coconut, sugar, apparel and home goods and in the fishery sectors⁵⁴ in 2015 (Fair Trade USA 2015a). Fair Trade USA works with more than 1,000 companies ranging from small to large transnational corporations and over 500 producer organizations (Fair Trade USA 2016). In terms of label recognition and trust in the United States, 59 percent of the interviewed consumers recognized the Fair Trade USA label compared to 88 percent of the FAIRTRADE Mark, indicating greater trust in the latter brand (GlobeScan 2015). Fair Trade USA's brand recognition will likely continue to increase with their continued communication and promotion efforts (Fair Trade USA 2015a).

Coffee still remains the leading Fair Trade USA product. As the Fairtrade International's national labeling initiative until 2011, Fair Trade USA (2011) reported that coffee represented about 63 percent of all the Fair Trade Certified import products in the United States, generating

⁵⁴ 9 percent, 30 percent, 238 percent, 275 percent, 389 percent and 900 percent, respectively.

nearly US\$17 million in Premium paid to coffee producer organizations in 2011 alone. Table 3.1 illustrates the growth of major Fair Trade USA products in the United States.

Table 3.1. Major Fair Trade USA Products in the United States (Pounds or Units), 1998-2016.

Year	Coffee	Tea	Cocoa	Produce	Sugar	Flowers
1998	76,059					
1999	2,052,242					
2000	4,249,534					
2001	6,669,308	65,261				
2002	9,747,571	86,706	14,050			
2003	19,239,017	95,669	178,888			
2004	32,974,400	180,310	727,576	8,814,171		
2005	44,585,323	490,645	1,036,696	7,384,202	271,680	
2006	64,774,431	517,386	1,814,391	6,176,907	3,581,563	
2007	66,339,389	1,008,798	1,951,400	8,030,482	8,657,427	650,832
2008	87,772,966	1,142,611	3,847,759	25,492,767	8,696,172	9,835,028
2009	108,373,041	1,183,141	2,629,411	50,272,722	11,307,547	9,539,859
2010	105,251,476	1,483,666	4,392,674	51,055,320	18,146,124	10,489,991
2011	145,406,320	1,759,954	11,255,319	71,515,439	23,703,384	10,892,094
2012	169,592,542	1,474,805	6,029,942	114,205,154	18,043,079	8,858,738
2013	155,811,905	1,922,036	23,469,130	155,127,984	10,500,085	10,633,330
2014	172,873,183	2,243,356	33,247,700	194,738,243	10,168,270	11,680,185
2015	163,783,617	2,347,699	29,272,806	256,183,083	45,072,408	13,247,454
2016	141,744,192	3,028,294	35,894,601	253,197,201	58,272,939	14,309,014
Total	1,501,316,516	19,030,338	155,762,343	1,202,193,675	216,420,678	100,136,525

Source: Fair Trade USA (2016).

In 2016, “farmers earned more than US\$28 million in Community Development Funds and saw a US\$40.7 million total financial benefit” (Fair Trade USA 2016:24), however coffee imports volume decreased 13 percent in comparison to 2015 because of coffee leaf rust (Fair Trade USA 2016). The Fair Trade USA certified coffee producer organizations utilized the community development funds to improve quality and productivity (62%), and social or community programs and farmer price support (38%) (Fair Trade USA 2015a). Most of the Fair Trade USA coffee is produced in Latin America. Table 3.2 lists Fair Trade USA coffee producing countries in 2016. Over 60 percent of the Fair Trade Certified coffee volume exported to the United States is from

Peru, Colombia, Mexico and Honduras (Fair Trade USA 2016); Brazil accounts for seven percent of the total Fair Trade Certified coffee exports in the country.

Table 3.2. Fair Trade USA Coffee Producing Countries, 2016.

Country	Pounds	Percentage
Peru	32,831,408	23
Colombia	22,765,947	16
Mexico	18,913,440	13
Honduras	13,529,863	10
Indonesia	13,369,610	9
Brazil	9,210,960	7
Guatemala	8,559,946	6
Nicaragua	7,419,805	5
Costa Rica	2,703,351	2
Other Latin American Origins	1,446,120	1
Ethiopia	5,774,306	4
Other African Origins	1,618,548	1
Other Asian Origins	2,312,188	2
Blended Origins	1,288,700	1
Total	141,744,193	100

Source: Fair Trade USA (2016).

3.5 Fair Trade USA

Fair Trade USA is a non-profit organization and lead certifier of fair trade products in the United States (Fair Trade USA 2017c), seeking “sustainable development and community empowerment by cultivating a more equitable global trade model that benefits farmers, workers, fishermen, consumers, industry and the earth,” through the certification and promotion of fair trade products (Fair Trade USA 2017d:para. 1). The company is governed by an elected Board of Directors with 75 percent of its revenue⁵⁵ derived from income from the Fair Trade Certified label usage (Fair Trade USA 2017b). Fair Trade USA expresses values of empowerment, integrity, sustainability, innovation, excellence, personal development, community, fairness and impact. However, unlike traditional mission-based fair trade organizations, Fair Trade USA aims at

⁵⁵ The remaining 25 percent of revenue consists of contributions from individuals, foundations and corporations (Fair Trade USA 2017b).

incorporating large enterprises into the movement to increase retail product availability, profitability and competitiveness while still advocating for social and environmental protection (Fair Trade USA 2017b). Fair Trade USA’s mission is to empower “farmers and workers to fight poverty in ways that improve lives and protect the environment. Rather than creating dependency on aid, it harnesses the power of markets to help producers, businesses, and consumers alike to invest in a better future” (Fair Trade USA 2017e:4). Fairtrade USA seeks to achieve its mission through “business training, environmental knowledge, and capital investment necessary to create high-quality products that can compete in global markets, and by certifying and promoting Fair Trade products” (Fair Trade USA 2015b:3).

In 2015, Fair Trade USA developed its Theory of Change, following the lead of Fairtrade International,⁵⁶ identifying proposed outcomes for farmers/workers, businesses and consumers. The Theory of Change is part of Fair Trade USA’s Impact Management System designed to define, evaluate and communicate the impact of Fair Trade USA’s initiatives and business model (Fair Trade USA 2015b).⁵⁷ Fair Trade USA’s (2015b:4) stated desired outcomes include: 1) promotion of sustainable livelihoods for farmers/workers, including market access and good working conditions through skills development and resource availability to foster sustainable organizations and community development, 2) businesses contribute to producers’ sustainable livelihoods through environmental and social sourcing verified by an independent third party certifier, creating shared value among the supply chain which in turn employees, consumers and stakeholders will recognize the ethical business practices, and 3) consumers preference to purchase sustainable products available in the right place, brands, quality and price, contributing to sustainable

⁵⁶ Fairtrade International developed its Theory of Change in 2013 to link the Fairtrade standards to desired outcomes of empowerment, sustainable livelihoods and more equitable trade (Fairtrade International 2014).

⁵⁷ The Impact Management System also includes the indicators, processes and technologies for progress monitoring and reporting (Fair Trade USA 2015b).

livelihoods. To realize these outcomes, Fair Trade USA (2015b:4) focuses on: 1) developing and implementing fair trade standards, 2) certifying producers and supply chain partners, 3) fostering producer competitiveness, 4) engaging businesses and consumers to bolster demand, and 5) defining, measuring and communicating impact. To promote sustainable livelihoods for workers and farmers, Fair Trade USA (2015b) certifies producer organizations against its fair trade standards and the investment of the price Premium as illustrated in Figure 3.1.

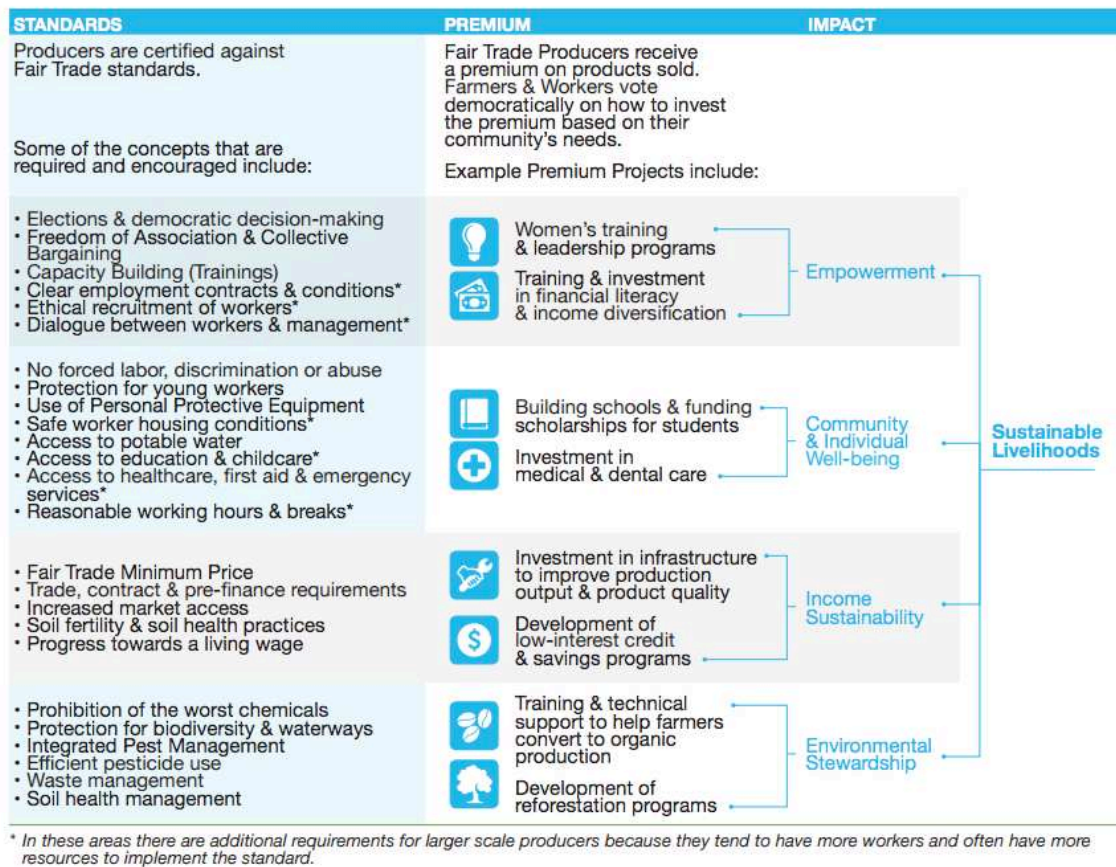


Figure 3.1: Fair Trade USA Impact Framework.

Source: Fair Trade USA (2015b).

To become Fair Trade Certified, farmers and estates must comply with Fair Trade USA's social and environmental standards that are verified by an independent third party auditor from Scientific Certification Systems (SCS). In 2011, Fair Trade USA and SCS announced a partnership with the goal to offer cost-effective certification services to a wide range of producer groups (Fair

Trade USA 2011c). Audits are conducted annually to maintain the Fair Trade USA Agricultural Production Standard with a validation of three years. The Agricultural Production Standard constitutes six modules with critical and progressive compliance requirements, and best practices. The critical compliance criteria indicate that a requirement must be met by a specified timeframe and the progressive compliance criteria specify ongoing improvements that must be met by the sixth year of the certification (Fair Trade USA 2017e). The modules are: 1) empowerment, 2) fundamental rights at work, 3) wage and work conditions, 4) biodiversity, ecosystem function, and sustainable production, 5) transparency and traceability, and 6) internal management system (Fair Trade USA 2017e). Any fair trade product sold with the logo must be produced, finished or traded under the Fair Trade Certified standards (Fair Trade USA 2017f). To apply for the certification, producers send an application to Fair Trade USA who reviews and submits it to the Conformity Assessment Body for initial on-site evaluation carried out by an independent auditor. The audit report includes any non-compliance against the standards that must be addressed by the Corrective Action Plan developed by the applicant. Based on the audit report and the Corrective Action Plan, the Conformity Assessment Body decides whether to issue the certification and if awarded, the applicant must commit to annual audits for on-going compliance (Fair Trade USA 2017g). Fair Trade USA accepts FLO-CERT certification for producers registered with Fairtrade International who wishes to sell certified products in the US market.⁵⁸

Fair Trade Certified producers can sell their labeled products to buyers who agree to pay the required community development Premium. The Fair Trade Premium is “an extra sum paid by market partners directly to farmers and workers to support community development projects” (Fair

⁵⁸ Fairtrade International does not accept Fair Trade USA certification for sales under the FAIRTRADE Mark in other markets because Fairtrade International is unsure about the direction of Fair Trade USA in terms of standards and certification process (Fairtrade International 2012).

Trade USA 2017f:3). The Premium amount varies by product, set by unit (e.g. US\$.20 per pound in coffee), and the funds are managed by a democratically-elected committee, who invest it on General Assembly approved projects. Licensees must pay a minimum price for the Fair Trade Certified commodities, pre-determined Premium on every Fair Trade Certified purchase, report transactions to Fair Trade USA, and participate in the audit and supply chain verification (Fair Trade USA 2013c). Fair Trade USA does not have commodity specific standards but rather commodity sector and producer structure standards with entry and progress requirements. Fair Trade USA operates across the entire supply chain, including certifying producers and licensing entities, monitors Fair Trade Premium and Minimum Price, and promotes ethical consumption (Fair Trade USA 2017c).

3.6 Fair Trade USA Plantation Certification and Standards

Fair Trade USA based its general certification procedures and Premium program on the protocols established by Fairtrade International while it was a national affiliate, but once it was independent Fair Trade USA established new certification standards for estates and independent smallholders. These new standards were based on a review of other certification compliance criteria, including Fairtrade International, Rainforest Alliance's Group Certification, SA 8000, Utz, Certified's Multiple-Site standard and IMO Fair for Life (Fair Trade USA 2011d; Fair Trade USA 2014). Fair Trade USA's first Farm Worker Standard⁵⁹ version was released for public consultation at the end of 2011 and updated in 2013. In 2010, Fair Trade USA began to review the feasibility to certify estates and in the following year published the Draft Farm Workers Standard Version 1.0 after consulting with exports and reviewing other standards (Fair Trade USA 2014:3). The Farm Workers Standard: Version 1.1 included basic requirements for the certification

⁵⁹ This dissertation research is based on the Farm Workers Standard available at that time.

acquisition and progress criteria verified through third party audit in set time intervals, covering social empowerment, economic development and environmental responsibility dimensions. This standard was first implemented in the Coffee Innovation Pilot program and then with produce to “test the relevancy and applicability of the standard in a variety of national settings, and within different agricultural commodity sectors and supply chains” (Fair Trade USA 2014:4). Fair Trade USA standards adhere to national law and international standards,⁶⁰ and some ILO conventions including freedom of association and protection of the right to organize, and collective bargaining, equal remuneration, maternity protection, abolition of forced labor, plantations convention, discrimination, minimum age, occupational health and safety convention, termination of employment convention, indigenous and tribal peoples and worst forms of child labor (Fair Trade USA 2014:4).

In 2014, Fair Trade USA began another extensive standard review in the agricultural sector, replacing the 2011 Farm Worker Standard with the Agricultural Production Standard (APS) in 2017. The Fair Trade Certified producers have a one year transition period to comply with the new standard. The APS has four impact areas: 1) income sustainability, 2) community and individual well-being, 3) empowerment and 4) environmental stewardship⁶¹ (Fair Trade USA 2017e). Developed after extensive⁶² stakeholders’ feedback,⁶³ Fair Trade USA summarized the main Agricultural Production Standard changes as involving: 1) clearer compliance criteria and integrated guidance that are more outcome based than from a method prescriptive, 2) new standard structure and format organized into six thematic modules covering production, farm and facility

⁶⁰ Whichever is the highest.

⁶¹ The Farm Workers Standard focused on empowerment, economic development, social responsibility and environmental stewardship (Fair Trade USA 2012c).

⁶² Fair Trade USA received feedback from more than 100 companies and organizations, direct input from farmers and workers through workshop and field tests, and 700 individual comments online (Fair Trade USA 2017k).

⁶³ Such as consumers, producer groups, corporations and fair trade organizations.

management, and group administration with critical, progress and best practice compliance criterion, 3) more flexibility and improvement in pathways where producers can prioritize progress compliance criteria that are most beneficial on a designated timeframe with all requirements met within 6 years, 4) greater Fair Trade Premium inclusion and scope clarification of who must be considered as Premium participants or optionally considered at the discretion of the Fair Trade Certified entity, 5) improvement in the Premium spending and management, clarifying timelines and requirements related to the Fair Trade Committee formation, Needs Assessment and Premium Spending safeguard and rules, 6) stronger standards for migrant workers covering recruitment and labor contractor usage, 7) solidification of workers' protections on mid-sized farms and facilities, 8) strengthened internal management system and group management where Certified Holders⁶⁴ have a greater role in compliance verification and internal inspection conduction, 9) greater farm and business management support for small producers, and 10) the new standard replaced the different producer type standards⁶⁵ with one core standard, varying compliance expectations based on farm operation and workforce size, and composition (Fair Trade USA 2017h). Fair Trade USA moved from a certification system based on producer type towards a sectorial standard, because as it argues, the previous approach “did not work well for producer groups with unique or complex structures, nor did it highlight the fact that the core elements of Fair Trade remain the same across all of the producers, workers and farms that Fair Trade USA works with” (Fair Trade USA 2017i:4).

My analysis of recent changes in Fair Trade USA's standards finds that in some areas, the APS appears be more robust than prior FWS standards, particularly in the Premium distribution, and

⁶⁴ Equivalent to Market Access Partner in the previous standard.

⁶⁵ Small producer organizations, estates and independent smallholder standards.

working conditions and environmental protection. Table 3.3 highlights the improvements in APS in contrast to the FWS.

Table 3.3. Strengthened requirements in Agricultural Production Standard in Comparison to Farm Workers Standard.

	Agricultural Production Standard (APS)	Farm Workers Standard (FWS)
Training about the purpose and function of the Fair Trade Committee (FTC), Needs Assessment and Premium plan	Training to all Premium participants	Only FTC trained and restricted to the functioning of the FTC
Premium Distribution	Equity in the Premium distribution	Only required transparency in the Premium distribution
Needs Assessment and Premium Plan	Needs assessment updates (every 3 years) and at least one Premium project must be accessible to all individuals in the scope of the Needs Assessment (Year 6)	N/A
Social Engagement Team (SET)	Creation of the SET to facilitate grievance, suggestion and communication between workers and management	N/A
Prison Labor and Human Trafficking	Inclusion of these terms in the forced labor definition	N/A
School leaving age	Clarification about the school leaving age	N/A
Sexual harassment training	Mandatory sexual harassment training for workers and management	Only sexual harassment policy awareness
Pregnancy test or Mandatory birth control	Prohibited	N/A
Medical services	Access to medical services and first aid	Only access to first aid
Work environment	Cool water and shade provided in hot workplaces	N/A
Living wage	Knowledge and plan towards reaching living wage	N/A ^c
Vulnerable workers	Risk awareness and vulnerable workers are not required to perform risky tasks; Estates must offer an alternative job for vulnerable workers ^a	Only risk awareness and vulnerable workers are not required to perform risky tasks.
Migrant workers	Employer pays for all recruitment and hiring fees; Employer pays for visas, any necessary skills/medical exams, and around trip transportation ^b	Only required employer to pay for transport and recruitment/hiring fees ^c
Potable water access	Potable water access at all times in workplaces and employer-provided housing	Potable water provided in workplaces only
Grievances	Employers must have a grievance policy and keep record of grievances; Employers must communicate FTUSA allegations policy to workers	Employer must have a grievance policy

Environment protection

No deforestation at Year 0; Explicit record keeping of pesticide usage; More detailed safe practice guidelines for pesticide application; Prohibition of direct wastewater discharge and any waste disposal away from water sources

No deforestation at Year 1
Prohibition on disposing hazardous waste away from water sources

Internal Inspections

Record keeping of internal inspections and corrective actions taken;
Information sharing about the FT audits results with FTC and SET

N/A

^a Only for mid and large-size farms.

^b 50 percent by year 3 and 100 percent by year 6.

^c The compliance requirement is Year 1 for APS and Year 0 for FWS.

^d The APS expanded the definition from hazardous to any waste that can possibly contaminate water sources.

^e The FWS required worker representatives and management to discuss wage and productivity improvement, and “generate ideas for moving towards ‘living wages’ over time” (Fair Trade USA 2014). However, the standard did not require knowledge and plan towards reaching living wage.

Source: Compiled by the author from Fair Trade USA (2017j).

It is important to note that for some standards, the APS requires different standard implementation timeframes than FWS. For example, although the APS compliance timespan is less for environmental protection standards, it provides more time for employers to comply with some labor certification standards. The APS requires no deforestation at Year 0 instead of Year 1, whereas employers must pay for migrant workers' transportation and recruitment fees at Year 1 instead of Year 0 (see Fair Trade USA 2017j). Regardless of standard compliance timeframe, employers receive higher coffee prices with the certification. However, greater conformity timespans enable employers to better adjust farm operations for standard compliance at the expense of delaying the fair trade labor benefits to workers.

In many areas the APS strengthened the FWS, however, in some aspects the new standard's flexibility potentially calls into question the protection of worker's rights and advancement. For example, in mid and small-size farms,⁶⁶ the APS does not require workers to be paid for General Assemblies attendance unless the meetings are held during working hours. "Workers who are among the Premium Participants are not required to be compensated for the time they spend in the General Assembly meeting."⁶⁷ However, if workers are not compensated then these meetings must be held outside working hours" (Fair Trade USA 2017e:104). On the other hand, the Premium can "be used to compensate elected members of the FTC (not the non-voting observer) for their time, travel expenses and meals" in mid and small-size farms (Fair Trade USA 2017e:104). While the previous Independent Smallholder Standard and Small Producer Organization Standard did not have workers requirements for fair trade meeting attendance, the APS does not mandate worker payment. It is only in large sites that workers must be compensated for their time attending the

⁶⁶ The APS defines small farm as facilities with 5 or less permanent workers and no more than 25 total workers and a mid-site farm as 6-25 permanent workers and no more than 100 workers on-site at the management unit at any time. (Fair Trade USA 2017e:10).

⁶⁷ For General Assembly, the Fair Trade Premium cannot be used for wage payment (Fair Trade USA 2017e).

Fair Trade Committee and General Assembly meetings regardless of when they are held. In comparison to the FWS, this requirement has not changed.⁶⁸ In addition, APS enables farm owners to utilize 20 percent of the Premium for on-site investments⁶⁹ on estate property if primarily benefiting workers and at least matched by employers (Fair Trade USA 2017e). To some extent, this requirement shifts the sole responsibility of employers to improve estate facilities to benefit workers. Fair Trade USA does not require worker representation via unionization or worker associations. The APS requires that farms without democratically elected unions or worker organizations establish a Social Engagement Team comprised of worker representatives elected by workers who are charged with establishing regular meetings as a team and with management to “ensure awareness and effectiveness of grievance procedures, suggestions systems, and other tools in order to facilitate transparency and communication between workers and management” (Fair Trade USA 2017e:68). Yet, it is not clear whether or how effective these teams are in addressing labor issues like wages and working conditions. Previously, worker-management communication about these topics were often times addressed in Fair Trade Committee meetings as later discussed in this dissertation. The Social Engagement Team is a step forward in providing an arena for labor grievances discussion, issues and suggestions. Yet, while this initiative reflects Fair Trade USA’s support for greater worker-management dialogue, it also solidifies the organization’s lack of support for direct worker representation. As my fieldwork data shows, farm managers are reluctant to allow the establishment of worker organizations or unions, and the Social Engagement Team can be viewed as a compromise between management interests and Fair Trade USA principles.

⁶⁸ It only clarified that compensation encompasses wages and bonuses (Fair Trade USA 2017j).

⁶⁹ “There is a contract between the FTC and the Certificate Holder/owner that requires the Certificate Holder/owner to return the amount invested (adjusted for depreciation or appreciation of the asset) to the FTC in the event of a sale of the facility or decertification...” (Fair Trade USA 2017e:107).

In terms of Premium spending, Fair Trade USA now permits the spending of up to 50 percent of the total as cash payments to workers, which were prohibited in the previous standards. Although cash payout can only be made “in an effective way to address particular needs identified in the Needs Assessment” (Fair Trade USA 2017e:6), it can work as an income subsidy. Fair Trade USA does not require living wage payments, although its new standards suggest that progress should be made towards achieving living wages.⁷⁰ Under previous certification rules, Fair Trade USA only required worker representatives and management to generate ideas regarding how to move to living wages over time. Lastly, the APS specified the number of vacation and sick leave, but the new standard only requires at least 9 days with a compliance timeframe of Year 3 instead of 12 days paid time-off per year in the FWS at Year 1.⁷¹ Maternity leave was reduced from at least 8 to 6 calendar weeks of full pay in the APS, and instead of complying in year 0, plantations have until year 5. Changes to enable greater labor flexibility such as labor requirement reduction or later implementation timelines can hinder workers’ rights advancement and empowerment. Particularly, in plantations where power inequality is inherent, the APS should provide greater labor protection across the board instead of partial labor improvement.

3.7 Conclusion

Over the years, Fair Trade USA has been criticized for its partnership with large corporations, lack of commitment to 100 percent fair trade organizations and more recently the certification of coffee estates. Although the organization says it holds the same fair trade values and principles as Fairtrade International, there are disagreements on how to best promote them. While Fair Trade USA’s rhetoric regarding expanding fair trade benefits to disadvantaged groups

⁷⁰ Even though living wage knowledge and plan are progressive standards, it is unclear whether workers will eventually receive living wages over time.

⁷¹ Even though the Agricultural Production Standard requires 9 days of paid annual leave, the “best practice is for the number of vacation and sick days that are provided to increase over time” (Fair Trade USA 2017e:55).

like hired labor is compelling, many questions about Fair Trade USA certification impacts on workers are left unanswered. Fair Trade USA's business model to increase fair trade sales and bolster the movement's visibility make sense. However, increasing the role of large corporations and agricultural estates to increase volumes and visibility can lead to lower standards and a renegotiation of fair trade rules that can fundamentally threaten workers' rights. This paradox is evident when reviewing the recent changes made in Fair Trade USA's certification standards. I argue that while many of Fair Trade USA's requirements were strengthened, particularly in regards to environmental protection, Premium spending and distribution, other requirements were lowered to accommodate management interests. The Fair Trade USA standard guarantees fundamental rights and attempts to bolster hired labor livelihoods, and I argue can make significant short term impact where labor laws are weak. The key question here is to what degree is the Fair Trade USA certification above the lowest common labor requirements based on national labor laws, ILO conventions, and other sectoral benchmarks? This research finds that the issue is not about the worthiness of the fair trade certification, but rather the magnitude of the contributions to workers' rights advancement and empowerment expansion.

References

- Auld, Graeme 2014. *Constructing Private Governance*. New Haven; London: Yale University Press.
- Bennett, Elizabeth. 2012. "A Short History of Fairtrade Certification Governance." Pp. 43-78 in *The Processes and Practices of Fair Trade: Trust, Ethics and Governance*, edited by J. Dine and B. Granville. London: Routledge.
- Besky, Sarah. 2015. "Agricultural Justice, Abnormal Justice? An Analysis of Fair Trade's Plantation Problem." *Antipode* 47(5):1141-60.
- Bowen, Anna. 2013, "Do Transnational Corporations Have a Place in Fair Trade?": Why Dev: Committed to getting development right. Retrieved 17 July, 2017 (<http://www.whydev.org/do-transnational-corporations-have-a-place-in-fair-trade/>).
- Coscione, Marco. 2014. *In Defense of Small Producers: The Story of CLAC*. Halifax, NS: Fernwood Books.
- Crowell, E. and D. Reed. 2009. "Fair Trade: A Model for International Co-Operation among Co-Operatives?" Pp. 141-77 in *Co-Operatives in a Global Economy: The Challenges of Co-Operating across Borders*, edited by D. Reed and J. McMurtry. Cambridge: Cambridge Scholars Publishing.
- Equal Exchange. 2012, "An Open Letter to Green Mountain Coffee Roasters from Equal Exchange", West Bridgewater, MA. Retrieved 16 August, 2017 (<http://equalexchange.coop/open-letter-green-mountain-coffee-roasters-equal-exchange>).
- Equal Exchange. n.d., "Why Is Equal Exchange for Co-Ops and against Plantations in the Fair Trade System?". Retrieved 12 April, 2018 (<http://equalexchange.coop/about/fair-trade/faqs/why-equal-exchange-co-ops-and-against-plantations-fair-trade-system>).
- Fair Trade Federation. n.d., "History of Fair Trade in North America": Fair Trade Federation: Trade Built on Trust. Retrieved 14 January, 2017 (<http://www.fairtradefederation.org/history-of-fair-trade-in-the-united-states/>).
- Fair Trade Resource Network. 2011, "The 3 Major Producer Networks Oppose FTUSA's Withdrawal from FLO". Retrieved 10 December, 2017 (<http://www.fairtraderesource.org/2011/10/05/the-3-major-producer-networks-oppose-ftusas-withdrawal-from-flo/>).
- Fair Trade USA. 2011. "Fair Trade USA 2011 Almanac." California, USA: Fair Trade USA.
- Fair Trade USA. 2011a, "Fair Trade USA Resigns Fairtrade International (FLO) Membership": Fair Trade USA. Retrieved 12 December, 2016 (http://fairtradeusa.org/press-room/press_release/fair-trade-usa-resigns-fairtrade-international-flo-membership).

- Fair Trade USA. 2011b, "Fair Trade USA Announces Innovation Strategy to Double Impact for Farming Communities by 2015": Fair Trade USA. Retrieved 3 January, 2017 (http://fairtradeusa.org/press-room/press_release/fair-trade-usa-announces-innovation-strategy-double-impact-farming-communit).
- Fair Trade USA. 2011c, "Fair Trade USA and SCS Announce Joint Partnership to Offer High-Quality, Cost-Effective Fair Trade Certification": Fair Trade USA. Retrieved 22 July, 2016 (http://fairtradeusa.org/press-room/press_release/fair-trade-usa-and-scs-announce-joint-partnership-offer-high-quality-cost-e).
- Fair Trade USA. 2011d, "Independent Smallholders Standard: Version 1.0": Fair Trade USA. Retrieved 14 June, 2015 (http://fairtradeusa.org/sites/all/files/wysiwyg/filemanager/standards/FTUSA_Smallholder_Standard.pdf).
- Fair Trade USA. 2012a, "Brazil Co-Op Supports Fair Trade for All Farmers": Fair Trade USA. Retrieved 16 February, 2017 (<http://fairtradeusa.org/blog/brazil-co-op-supports-fair-trade-all-farmers>).
- Fair Trade USA. 2012b, "Fair Trade for All: Delivering More Impact for More People": Fair Trade USA. Retrieved 10 July, 2017 (http://fairtradeusa.org/sites/all/files/wysiwyg/filemanager/Fair_Trade_for_All/Fair_Trade_for_All_Overview_July_2012.pdf).
- Fair Trade USA. 2012c, "Fair Trade USA Farm Workers Standard: Vision, Objectives and Summary" *Final Version 1.0*: Fair Trade USA. Retrieved 10 July, 2016 (https://www.fairtradecertified.org/sites/default/files/filemanager/documents/APS/FWS_Vision_and_Objectives_August_2012v2.pdf).
- Fair Trade USA. 2013a, "Fair Trade USA Coffee Innovation Program: 2012 Results": Fair Trade USA. Retrieved 15 March, 2017 (<http://fairtradeusa.org/blog/fair-trade-usa-coffee-innovation-program-2012-results>).
- Fair Trade USA. 2013b, "Innovating for Impact Celebrating 15 Years: Fair Trade USA 2013 Annual Report": Fair Trade USA. Retrieved 13 July, 2017 (http://fairtradeusa.org/sites/default/files/2013-FairTradeUSA-Annual_Report.pdf).
- Fair Trade USA. 2013c, "Fair Trade USA Managing for Impact": Fair Trade USA. Retrieved 12 March, 2018 (<http://fairtradeusa.org/sites/all/files/wysiwyg/filemanager/managing-for-impact.pdf>).
- Fair Trade USA. 2014, "Farm Workers Standard: Version 1.1": Fair Trade USA. Retrieved 13 December, 2014 (https://www.scsglobalservices.com/files/ftusa_fws_standard_1.1_en_102513.pdf).
- Fair Trade USA. 2015a. "Fair Trade USA Almanac 2015." California, USA: Fair Trade USA.

- Fair Trade USA. 2015b, "Impact Management System": Fair Trade USA. Retrieved 12 December, 2017
(https://www.fairtradecertified.org/sites/default/files/filemanager/documents/FTUSA_Impact_Management_System_EN.pdf).
- Fair Trade USA. 2016. "Fair Trade USA 2016 Almanac." California, USA: Fair Trade USA.
- Fair Trade USA. 2017a, "Who We Are": Fair Trade USA. Retrieved 11 July, 2017
(<http://fairtradeusa.org/about-fair-trade-usa/who-we-are>).
- Fair Trade USA. 2017b, "Quality Manual: Version 1.0.0": Fair Trade USA. Retrieved 12 April, 2018
(http://fairtradeusa.org/sites/default/files/wysiwyg/filemanager/ISEAL_Docs_May_2017/FTUSA_MAN_QualityManual_EN_1.0.0.pdf).
- Fair Trade USA. 2017c, "About Fair Trade USA": Fair Trade USA. Retrieved 15 August, 2017
(<https://fairtradeusa.org/about-fair-trade-usa>).
- Fair Trade USA. 2017d, "Fair Trade USA Mission": Fair Trade USA. Retrieved 10 July, 2017
(<https://fairtradeusa.org/about-fair-trade-usa/mission>).
- Fair Trade USA. 2017e, "Agricultural Production Standard: Version 1.0.0": Fair Trade USA. Retrieved 15 March, 2018
(https://fairtradeusa.org/sites/default/files/wysiwyg/filemanager/APS_Updates_Feb_2017/FTUSA_STD_APS_EN_1.0.0.pdf).
- Fair Trade USA. 2017f, "Agricultural Production Standard at a Glance": Fair Trade USA. Retrieved 27 September, 2017
(https://fairtradeusa.org/sites/default/files/wysiwyg/filemanager/Updates_6.23.2017/FTUSA_INT_APSOverview_EN_1.0.0.pdf).
- Fair Trade USA. 2017g, "Agriculture Program Assurance Manual": Fair Trade USA. Retrieved 16 December, 2017
(https://fairtradeusa.org/sites/default/files/wysiwyg/filemanager/ISEAL_Docs_May_2017/FTUSA_MAN_AgriculturePAM_EN_1.0.0.pdf).
- Fair Trade USA. 2017h, "Frequently Asked Questions on the Agricultural Production Standard": Fair Trade USA. Retrieved 23 December, 2017
(http://fairtradeusa.org/sites/default/files/wysiwyg/filemanager/APS_Updates_Feb_2017/STD_GUI_APS_FAQ_EN_170301.pdf).
- Fair Trade USA. 2017i, "Summary and Response to Feedback: Draft Agricultural Standard 0.2": Fair Trade USA. Retrieved 20 October, 2017
(http://fairtradeusa.org/sites/default/files/wysiwyg/filemanager/APS_Updates_Feb_2017/STD_APS0.2SumFeedbackResponse_EN_170223.pdf).
- Fair Trade USA. 2017j, "Summary of APS Themes and Comparison with Prior Standards: Version 1.0.0": Fair Trade USA. Retrieved 23 April, 2018

(https://fairtradeusa.org/sites/default/files/wysiwyg/filemanager/Updates_6.23.2017/STD_APSComparison2PastStandards_EN_1.0.0.pdf).

Fair Trade USA. 2017k, "APS Approval Announcement". Retrieved 12 April, 2018 (https://www.fairtradecertified.org/sites/default/files/filemanager/documents/APS/STD_AP_SApprovalAnnouncement_EN_161129.pdf).

Fair World Project. n.d., "Can You Tell Which of These “Fair Trade” Coffees Was Grown on an Estate? And Does It Matter?". Retrieved 23 July, 2017 (<http://fairworldproject.org/blogs/can-you-tell-which-of-these-fair-trade-coffees-was-grown-on-an-estate-and-does-it-matter/>).

Fairtrade International. 2012, "Q&A on Fairtrade International and Fair Trade USA": Fairtrade International. Retrieved 23 July, 2017 (<https://www.fairtrade.net/about-fairtrade/fairtrade-in-the-usa/on-flo-and-fair-trade-usa.html>).

Fairtrade International. 2014, "Theory of Change": Fairtrade International. Retrieved 20 August, 2015 (http://www.fairtrade.net/fileadmin/user_upload/content/2009/resources/140112_Theory_of_Change_and_Indicators_Public.pdf).

Fridell, Gavin. 2014. *Coffee*. Cambridge: Polity Press.

GlobeScan. 2015. "Globescan Consumers Study 2015." Vol.: Fairtrade International; GlobeScan.

Hardie, A. 2013. "Fair Trade for All." *Tea & Coffee Trade Journal*, pp. 56-58.

Hill, Corey. 2012, "Fair Trade USA's Coffee Policy Comes under Fire" *East Bay Express*. Retrieved April 21, 2018 (<https://www.eastbayexpress.com/oakland/fair-trade-usas-coffee-policy-comes-under-fire/Content?oid=3184779>).

Howard, Philip H. and Daniel Jaffee. 2013. "Tensions between Firm Size and Sustainability Goals: Fair Trade Coffee in the United States." *Sustainability* 5(1):72-89.

Hudson, Mark, Ian Hudson and Mara Fridell. 2013. *Fair Trade, Sustainability, and Social Change*, Edited by T. Shaw. London: Palgrave Macmillan.

Jaffee, Daniel. 2010. "Fair Trade Standards, Corporate Participation, and Social Movement Responses in the United States." *Journal of Business Ethics* 92:267-85.

Jaffee, Daniel. 2012. "Weak Coffee: Certification and Co-optation in the Fair Trade Movement." *Social Problems* 59(1):94-116.

Jaffee, Daniel. 2014, "Is There Room for Plantations in Fair Trade?": Fair World Project. Retrieved 23 February, 2017 (<http://fairworldproject.org/voices-of-fair-trade/is-there-room-for-plantations-in-fair-trade/>).

- Jaffee, Daniel and Philip Howard. 2016. "Who's the Fairest of Them All? The Fractured Landscape of U.S. Fair Trade Certification." *Agriculture and Human Values* 33(4):813-26.
- Keurig Green Mountain. 2016. "Brewing Transformation: Keurig Green Mountain Sustainability Report 2016." Vermont, USA: Keurig Green Mountain.
- Keurig Green Mountain. n.d., "Statement on Fair Trade": Keurig Green Mountain. Retrieved 12 August, 2017 (<http://www.keuriggreenmountain.com/en/Sustainability/ReportsAndDisclosures/StatementonFairTrade.aspx>).
- Linton, April and Claudia Rosty. 2015. "The US Market and Fair Trade Certified." Pp. 333-51 in *Handbook of Research on Fair Trade*. Northampton, MA, USA; Cheltenham, UK: Edward Elgar Publishing.
- One World Fair Trade. 2012, "The History and Progress of Fair Trade": One World Fair Trade. Retrieved 23 July, 2017 (<https://www.oneworldfairtrade.net/blogs/news/6042534-the-history-and-progress-of-fair-trade>).
- Raynolds, Laura T. 2009. "Mainstreaming Fair Trade Coffee: From Partnership to Traceability." *World Development* 37(6):1083-93.
- Raynolds, Laura T. 2012. "Fair Trade: Social Regulation in Global Food Markets." *Journal of Rural Studies* 28(3):276-87.
- Raynolds, Laura T. 2017. "Fairtrade Labour Certification: The Contested Incorporation of Plantations and Workers." *Third World Quarterly* 38(7):1473-92.
- Raynolds, Laura T. and Douglas Murray. 2007. "Fair Trade: Contemporary Challenges and Future Prospects." Pp. 223-34 in *Fair Trade: The Challenges of Transforming Globalization*, edited by L. Raynolds, D. Murray and J. Wilkinson. New York: NY: Taylor and Francis.
- Renard, Marie-Christine. 2015. "Fair Trade for Small Farmer Cooperatives in Latin America." Pp. 475-90 in *Handbook of Research on Fair Trade*, edited by L. T. Raynolds and E. Bennett. Northampton, MA, USA; Cheltenham, UK: Edward Elgar Publishing.
- Rice, Paul. 2012, "Fair Trade USA: Why We Parted Ways with Fairtrade International": TriplePundit: People, Planet, Profit. Retrieved 12 May, 2017 (<http://www.triplepundit.com/2012/01/fair-trade-all-fair-trade-usa-plans-double-impact-2015/>).
- Rice, Paul. 2017, "Our 2016 Almanac". Retrieved 12 January, 2018 (<https://www.fairtradecertified.org/news/2016-fair-trade-usa-almanac>).
- Ruyffelaere, Maayke. 2014. "The 'Fair Trade for All' Initiative: A Stakeholder Analysis Applied to the Case of Fair Trade Certified Coffee Production in Minas Gerais, Brazil." Master's thesis, Bioscience Engineering: Agricultural Sciences, Universiteit Gent, Gent, Belgium.

Sherman, Scott. 2012. "The Brawl over Fair Trade Coffee." *Nation* 295(11):22-26.

CHAPTER 4: METHODOLOGY

4.1 Research Design

This research pursues a multi-methods qualitative approach. Since this study is the first to systematically investigate the implications of the Fair Trade USA certification on hired labor in certified coffee estates, qualitative research design is the best approach to investigate understudied processes (Marshall and Rossman 2011), understand participants' meaning and the contexts in which participants' actions take place (Maxwell 1996). Qualitative methods are excellent for addressing "how" questions for examining and articulating processes (Pratt 2009). Although empowerment studies are often conducted by monitoring and evaluation research approach utilizing quantitative research techniques, they might not capture the complexity, and the interrelated aspects that are inherently context specific as it often assumes a "linear progression and details milestones to be attained" (Jupp and Ali 2010:16).

The predominantly quantitative monitoring and evaluation⁷² methods can provide insights into complex processes of change by "capturing evidence of those aspects of empowerment which deal with skills and training –capacity building- and also useful in capturing evidence relating to increases in women's economic assets" (Carter et al. 2014:340). However, this approach is least useful when supporting women's voice or capturing the soft⁷³ aspect of empowerment,⁷⁴ (Carter et al. 2014) allowing for a more nuanced description and understanding of changes. One of the main research challenges is to "measure empowerment across the diversity of interventions that development organisations implement, while being sensitive to the diversity of context both across

⁷² Monitoring and evaluation systems are commonly used to assess empowerment processes.

⁷³ Less tangible material changes, perceptions, impressions (e.g., sense of self-confidence).

⁷⁴ Quantitative research approach does not directly capture 'power-with' in the realm of empowerment (Carter et al. 2014:341).

and within different countries and of identities and personalities...” (Bishop and Bowman 2014:263). From this standpoint, this study used a qualitative research design of case studies and a multi-methods data collection approach to provide detailed in-depth descriptions of the cases while shedding light to local contexts and processes. The particularity of contexts is important in this research to explain the certification impact variances based on universalized standards. Thus, a comparative case methodological approach provides a more comprehensive analysis of the processes and conditions of empowerment and gender equity, and barriers that hinder these efforts.

4.2 Workers’ Empowerment, Well-Being and Gender Equity

Disagreements regarding the definition of empowerment generates numerous measurement issues. There are many methodological challenges in selecting indicators to measure empowerment such as making decisions about the inclusion of aspects that are intrinsic or instrumental, context-specific or universal, individual or collective, or inclusion of psychological factors to name a few (Narayan 2005). In addition, the approach to empowerment as a process or outcome-based⁷⁵ has obvious operational implications (Luttrell and Quiroz 2009). While the process approach leads to an emphasis “on organizational capacity building or an increase in participation of previously excluded groups in the design, management and evaluation of development activities. An emphasis on outcomes leads to a focus on economic enhancement and increasing access to economic resources” (Luttrell and Quiroz 2009:5). This study employs the World Bank definition of empowerment as “the process of increasing the assets and capabilities of individuals or groups to make purposive choices, and to transform those choices into desired actions and outcomes” (World Bank 2014:para. 2) as it is adopted by Fair Trade USA. The Fair Trade USA empowerment framework is based on inclusive participation, transparency,

⁷⁵ Many organizations such as Oxfam and CIDA approach empowerment as both an outcome and a process (Scrutton and Luttrell 2007).

management of the Fair Trade Premium, training and capacity building (Fair Trade USA 2013) and its Farm Workers' Standard emphasizes the importance of the Fair Trade Premium management to promote empowerment at the individual and collective levels (Fair Trade USA 2014).

In order to create a robust and comprehensive instrument for this research, I developed a set of empowerment indicators after consulting numerous empowerment instruments, particularly from international development organizations. At the individual level, I analyzed empowerment based on: 1) workers' decision-making and participation in the workplace in terms of ability to voice perspectives, participation and degree of involvement in meetings; 2) workers' ability to access and control resources in the physical,⁷⁶ financial,⁷⁷ social⁷⁸ and human⁷⁹ dimensions; 3) workers' freedom to come and go; and 4) upward employment mobility. At the relational level, I investigated by both 1) worker-management relations, and 2) worker-worker interactions. Lastly, at the collective level, I measured empowerment based on: 1) Fair Trade Committee,⁸⁰ 2) management of the Fair Trade Premium,⁸¹ 3) workers' access to information,⁸² 4) workers' organization,⁸³ 5) workers' collective bargaining power⁸⁴ and 6) problem solving capacity.⁸⁵ I

⁷⁶ Access and control of basic infrastructure (tools and equipment).

⁷⁷ Financial resources to support workers' livelihoods.

⁷⁸ Referring to workers' network, participation, connectedness, and group membership.

⁷⁹ Human resources refer to: 1) workers' skills and knowledge (training, rights, freedom of association, education); 2) workers' ability to assess and interpret important information, and understanding of farm politics 3) will: workers' self-esteem and self-confidence; and 4) capacity of expression including opinions, rights, responsibilities, involvement in decision making at different levels, and ability to influence those who make decisions on one's behalf.

⁸⁰ Workers' representation, voting participation, training, decision-making process, degree of financial autonomy, and legitimacy among workers.

⁸¹ Workers' involvement and influence in managing the Premium, types of programs funded, and identification of the primary Premium beneficiaries.

⁸² About the Fair Trade USA certification, coffee market and coffee farm.

⁸³ The existence and involvement of workers' organization or union, and whether Fair Trade USA certification helps to structure or strengthen these institutions.

⁸⁴ Including workers' ability to influence the farm decision-making.

⁸⁵ Problem identification, possible causes and potential solutions.

organized the empowerment findings into three categorical levels utilizing Rowlands' (1997:15) dimensions of empowerment approach:

- Individual:⁸⁶ developing a sense of self and individual confidence and capacity, and undoing the effects of internalized oppression.
- Relational: developing the ability to negotiate and influence the nature of a relationship and decisions made within it.
- Collective: where individuals work together to achieve a more extensive impact than each could have had alone.

When conducting data analysis, I first assessed workers' empowerment by utilizing the indicators above to comprehensively capture its conditions, challenges and opportunities and then I examined the certification contributions or unintended impacts to workers' empowerment.

Measuring worker's wellbeing is more straightforward. My research investigated workers' well-being regarding how the certification has contributed to 1) improve workers' livelihoods and 2) labor conditions. The research questions captured any changes to workers' living and working conditions resulted from the certification, and assessed how the Fair Trade USA Premium contributed to workers' well-being. Although empowerment and well-being are conceptually connected, the presence of one does not necessarily imply the realization of the other and vice-versa.

My methodology for analyzing gender equity analysis focuses on the fairness in the distribution, access and control of goods, and opportunities and resources provided to men and women in the workplace. In other words, are women and men given equal chances, treatment and

⁸⁶ Rowlands (1997) used the term 'personal' instead of 'individual' in her work.

rewards? It is important to note that gendered practices and interactions that disadvantage women/men transcend different connecting and interlocking dimensions. In fact, many gender structural inequalities are rooted in household relations because household interactions are hierarchical contractual relations mediated by gender. For this reason, while this dissertation research focused on workers' experiences in the workplace, it also considered the household gendered interactions. I measured gender equity based on men and women's equitable: 1) access to resources,⁸⁷ 2) monetary compensation, 3) employment advancement opportunity, 4) representation,⁸⁸ 5) participation in decision making and 6) gender sensitive-environment.⁸⁹ In the household, this study analyzed the gendered division of labor and participation in decision-making processes. The findings first captured the social relations of men and women that contributed and reinforced gender inequalities, then assessed how gendered practices and assumptions influenced gender equity in the workplace, when appropriate. Lastly, the findings addressed the meaning of empowerment to women, women's distinct empowerment opportunities and challenges, and highlighted how the certification can promote their empowerment. It is important to note that while data collection instruments included all the research analytical themes mentioned above, the findings only discussed the most pertinent for case study narrative elaboration and certification impacts on hired laborers.

4.3 Case Studies

The two case studies were located in Latin America, where 82 percent of Fair Trade USA certified coffee is produced (Fair Trade USA 2016). To select the research sites, I used a combination of *most different* and *contrast of context* sampling technique to choose two

⁸⁷ Economic, information, education and training.

⁸⁸ In management positions and workers' committees.

⁸⁹ Maternity leave, childcare, etc.

structurally diverse Fair Trade certified coffee estates in Brazil and Nicaragua. This sampling strategy aided in concept-formation, highlighting the similarities and the differences among cases and how parallel processes of change might play out in each national context. The purpose of a cross-national comparison of cases was to achieve analytical depth to systematically analyze the impact of Fair Trade USA certification of coffee estates on hired laborers.

The Brazilian Fair Trade Certified coffee estate is located in the state of Minas Gerais. This Brazilian state is responsible for over 50 percent of the country's coffee production⁹⁰ and the main export community of the region (EMBRAPA 2014). Brazil is the largest global coffee producer and exporter and second largest coffee consumer worldwide (MAPA 2017). The Nicaraguan case study is a Fair Trade Certified estate located in the second coffee cultivation region in the Matagalpa region.⁹¹ Matagalpa accounts for 25 percent of the national coffee production⁹² (INIDE 2012). The Nicaraguan global coffee production and export shares represent 1 percent and 1.6 percent respectively (Mosquera and Del Rio 2015). Unlike the Brazilian case, the Nicaraguan Fair Trade Certified estate is a mid-sized coffee plantation with no prior certification.⁹³ The description of these cases is presented in chapter 6 and 7.

⁹⁰ In 2014, Minas Gerais produced 22,6 million 60kg coffee bags (EMBRAPA 2014).

⁹¹ In 2014-2015, coffee production reached over 2 million 60kg bags in Nicaragua (Bolaños 2015).

⁹² In 2011.

⁹³ According to Fairtrade International (2013), 90 percent of the hired labor organizations and 69 percent of producer organizations have at least one certification in addition to Fairtrade. Methodologically, having a coffee farm without prior certification assisted in properly attributing organizational changes to the fair trade certification without factoring additional coffee certification impacts.

Table 4.1. Case Study Characteristics.

	Brazil	Nicaragua
Farm Size (hectares)	6,101 (3 farm units)	192
Coffee Cultivation (hectares)	3,443	155
Coffee Production^a	63,278 (60kg) bags ^b	3,450 (60kg) bags ^c
Production Features	Sun grown; flat areas; high mechanization	Shade grown; inclination; labor intensive
Certifications	Fair Trade USA Rain Forest Alliance UTZ C.A.F.E Practice	Fair Trade USA
Workforce	1278 workers (524 permanent; 654 seasonal)	630 (80 permanent; 550 seasonal)

a Coffee production from the 2012/2013 harvest.

b In 2015/2016 harvest, the Brazilian farm produced 130,000 coffee bags of which 100,000 were specialty coffee (Rocha 2016).

c Equivalent to 207 metric tons of coffee as reported by management.

4.3.1 Gaining Access

I encountered substantial challenges to gain access to the Brazilian Fair Trade Certified coffee estate. As the largest global coffee producer, The Brazilian farm has bureaucratic processes and strict policies for farm access and research. During the unsuccessful attempts to access this farm, I learned that the International Center for Tropical Agriculture (CIAT) was performing independent research about the Fair Trade USA certification in two coffee estates, funded by the Ford Foundation and Keurig Green Mountain Coffee Roasters. CIAT's impact evaluation research measured and assessed the impacts of Fair Trade USA on farmers, farmworkers and the overall Fair Trade market system.⁹⁴ CIAT employed a mixed-methods research design to measure the Fair Trade USA certification impact on smallholders and hired laborers' socio-economic and empowerment, and the certified coffee market. Although narrower in scope, this study also addressed the concept of workers' empowerment. This mutual interest to study workers'

⁹⁴ Three-year research timeline at four research sites located in Honduras (independent smallholder), Peru (independent smallholder), Nicaragua (plantation) and Brazil (plantation).

empowerment in the same Brazilian farm led to a collaborative research partnership. While CIAT was able to secure farm access since one of the research funders, Keurig Green Mountain, was the Fair Trade Certified coffee buyer and a stakeholder particularly interested in the research results in Brazil, I agreed to develop the qualitative research design, data collection, analysis and report writing about workers' empowerment. I shared part of this dissertation findings with CIAT and the donors, who in exchange provided research site access, onsite support and guidance in Brazil and Nicaragua. Some of CIAT's quantitative findings are presented in chapter 8 to aid in organizational structure and workforce cross-national comparisons. The partnership with CIAT was advantageous and critical to the success of this dissertation research.

4.3.2 Population of Interest and Sampling Strategies

The population of interest was permanent hired laborers⁹⁵ and management/owners in the Fair Trade Certified farms in Brazil and Nicaragua. I also carried out interviews with local non-governmental institutions, fair trade movement representatives and union leaders to better understand contextual factors and empowerment processes on the Fair Trade Certified coffee estates. Table 4.2 summarized the sample size of this research. I selected research participants predominantly from purposive and snowball sampling strategies. I conducted the first interviews with workers' representatives and workers selected from a sampling frame based on gender and employment years in the farm. These initial interviewees provided referrals for subsequent interviews. I invited workers who were mentioned during the interviews to participate in this research along with management staff involved with the Fair Trade USA certification. The decisions to interview management/owners, representatives of the workers organizations, and local

⁹⁵ Seasonal workers were not part of this research because they are not employed year around to experience the Fair Trade USA certification impacts as permanent workers. Although Fair Trade USA standards require the inclusion of seasonal workers in the Fair Trade Premium management and investment during harvest, they benefit least because of temporarily employment.

organizations were based on their farm position, influence in farm affairs and connection with the Fair Trade USA certification. I concluded the interviewing phase after reaching the saturation point of themes and perspectives.

Table 4.2 Sample Size.

	Interview	Focus Group	Document Review^a
Nicaragua	31 hired laborers, managers/Owners and civil society ^b	5 – with a total of 38 participants	30
Brazil	27 hired laborers, managers and civil society ^b	8 – with a total of 44 participants	18
Fair trade and government representatives	12		125
Total	70	13 – with 82 participants	173

^a Includes internal, government and any non-academic documents.

^b Including social movement representatives involved in the farm.

4.4 Method

This research was informed by the feminist epistemological approach. To uncover gender and power relations that transcend different social life spheres, I made the commitment to question and deconstruct every aspect and assumptions of the research to avoid participant exploitation and marginalization. Through reflexivity and critical scrutiny, I analyzed the research process, findings representation and any ethical considerations based on the researcher-participant positionality. My research techniques were flexible to accommodate for variations in local contexts and gender relations. I strived to create empathic connections with participants and oftentimes let their experience guide discussions and conversations. For data collection techniques, I utilized interviews, focus groups, and document review.

4.4.1 Interviews

I conducted a series of semi-structured, in-depth interviews with farm workers, management and representatives from the fair trade movement, local union and non-governmental organizations. I chose this data collection method because “in-depth interviewing allows the researcher to explore complex, contradictory, or counterintuitive matters” (Rubin and Rubin 2012:4). The interviews lasted approximately 30 minutes to one hour and I interviewed some participants more than once for follow-up or clarification purposes. The interview guide, used only as a thematic interview script, with rural workers covered the individual, collective and relational empowerment topics discussed above. Interviews with management addressed the 1) reasons to acquire the certification, 2) certification process and 3) institutional changes resulting from the certification. I also asked questions about management’s role in the investment and management of the Fair Trade Premium, perspectives on workers’ individual, relational and collective empowerment, and labor issues. I carried out less structured interviews with the Fair Trade movement,⁹⁶ local non-government organizations and union representatives to learn and discuss the Fair Trade USA certification, workers’ empowerment and labor concerns. In addition, these interviews assisted to better understand contextual conditions, local processes and influential empowerment factors not captured in the rural worker and management interviews.

Considering the power inequalities of plantations, I adopted the responsive interviewing style to build a relationship of trust with interviewees “that leads to more give-and-take in the conversation” (Rubin and Rubin 2012:36). Responsive interviewing models also emphasize design flexibility in response to what the researchers learned from interviewees (Rubin and Rubin 2012). This type of interviewing style ensures exploration of aspects of the questions while seeking in-

⁹⁶ These interviews also assisted in understanding the plantation certification debate at the movement level.

depth information, nuances and rich descriptions. The success of this study relied on the researcher's confidentiality assurance, workers' willingness to share and rapport building to explore topics about labor issues, certification challenges and empowerment barriers.

With prior participant consent, I recorded and transcribed almost all interviews in Nicaragua to avoid potential language bias. In Brazil, I recorded one-third of the interviews.⁹⁷ With the exception of a couple interviews in Nicaragua,⁹⁸ most interviews in Brazil and Nicaragua took place on the farm⁹⁹ during working hours with management's consent and logistical assistance. I also conducted interviews with local non-governmental organizations, fair trade movements and union representatives onsite, via Skype or telephone.

4.4.2 Focus Groups

In addition to semi-structured interviews, I conducted focus groups with male and female rural workers in Nicaragua and Brazil to identify and discuss: 1) traditional gender role divisions, 2) women's perception of their social position,¹⁰⁰ 3) workplace problems and possible solutions, 4) workers' perception of empowerment, 5) workers' empowerment challenges and opportunities, 6) workers' views about the Fair Trade USA certification, and 7) map workers' empowerment pathways. The focus groups also helped to explore some themes that emerged in the semi-structured interviews.

The purpose to conduct focus groups was to apprehend group interaction and dynamics, including negotiation and normative positions on different topics not captured with a different data

⁹⁷ Cultural challenges and language barriers were minimally experienced in Brazil since it is the researcher's native country.

⁹⁸ These interviews took place in workers' home.

⁹⁹ In private locations.

¹⁰⁰ One of the focus groups addressed gender relations and inequalities to capture cross-national differences in gender social construction and barriers to empowerment.

collection method. I also utilized focus groups to give voice to marginalized workers.¹⁰¹ Focus groups are often used to empower and support participants especially with marginalized, stigmatized and vulnerable individuals (Peek and Fothergill 2009). Focus groups provide insights into complex behaviors and motivations that emerge from the group effect (Morgan 1996). In addition, a focus group is a data triangulation source since participants are able to ask questions and argue with each other (Bay-Cheng, Livingston and Fava 2011:1173)

My level of involvement as a moderator was restricted to question/scenario presentation, discussion facilitation and conversation (re)direction to the task at hand. Before starting the focus groups, participants developed ground rules to ensure mutual respect, confidentiality and support for prospective sharing. I previously interviewed most focus group participants and selected the remainders from referrals. I conducted the focus groups after completing the semi-structured interviews and carefully selected the participants for each focus group to ensure variations in opinions and space for disagreements. Although the literature indicates optional group sizes between 8-10 participants, the focus groups varied between 4-6 participants to enable greater manageability, active participation and depth of information.

4.4.3 Document Review

As a secondary data collection instrument, I utilized document review to: 1) gather background information, 2) understand farm organization, challenges/benefits, and policy implementation, 3) verify (certification) claims, 4) guide interview and focus group themes, 5) assist in case-study comparison, 6) comprehend context differences and nuances, and 7) situate the case studies. The document review process consisted of relevant physical evidence,¹⁰² internal

¹⁰¹ Focus groups have been used in many studies to give voice to marginalized groups, empower participants or as a tool in participatory research (Morgan 1996).

¹⁰² Flyers, posters, presentations, training materials, etc.

documents, public records, and any non-academic documents from the Fair Trade Certified farms, Fair Trade USA, coffee sector, union, fair trade national and international movements and non-governmental organizations. Based on a qualitative document review approach, I considered the document content, creation context and access, as well as potential presence of document and researcher biases. The rationale to include document review was to 1) inform and verify different aspects of the research in conjunction with other data collection methods, 2) collect reliable information that is not observable, 3) and track changes/developments related to the certification (Bowen 2009). As an additional instrument to triangulate the data, document review assisted in data corroboration and convergence to reduce potential bias (Bowen 2009). It is important to note that the research findings are primarily based on interviews and focus groups supplemented by document review.

4.5 Role of the Researcher

A researcher must think about his/her role in the setting since it is through the interaction with members that the researcher will collect, analyze and interpret the data. Adler and Adler (1987:87) captured the complexity of the researcher's role when stated "researchers are the research instrument." Issues of race, education and socio-economics initially created barriers and distance between the participants and myself. While my experiences and identities prevented me from becoming a native participant in the field, I actively sought to develop rapport to build trust with the participants. Prior to field arrival, I was well versed on fair trade, agriculture and poverty topics, however my theoretical knowledge could not equate to the practical experiences of workers in Brazil and Nicaragua. I subjected myself to the same level of scrutiny I directed toward the subject of my inquiry (McCorkel & Myers 2003). Throughout this research, I was conscious about the

impact I had on individuals and engaged in relations of reciprocity with members.¹⁰³ As a native from Brazil I shared the culture and language of the Brazilian participants, however I was always cognizant about how we distinctively experience reality. In Nicaragua, I relied on interpersonal relations to navigate through cultural challenges and language barriers.¹⁰⁴ As a researcher, I was conscious about my identities and experiences in this research and how they impacted my interaction with participants.

¹⁰³ See Wax (1952).

¹⁰⁴ Although fluent in Spanish, colloquial expressions created language challenges.

References

- Adler, Patricia and Peter Adler. 1987. *Membership Roles in Field Research*. Thousand Oaks: Sage Publications.
- Bay-Cheng, Laina, Jennifer Livingston and Nicole Fava. 2011. "Adolescent Girls' Assessment and Management of Sexual Risks: Insights from Focus Group Research." *Youth and Society* 43(3):1167-93.
- Bishop, David and Kimberly Bowman. 2014. "Still Learning: A Critical Reflection on Three Years of Measuring Women's Empowerment in Oxfam." *Gender & Development* 22(2):253-69.
- Bolaños, Jimmy. 2015. "Nicaragua Coffee Annual Report." *Global Agricultural Information Network*. USDA Foreign Agricultural Service.
- Bowen, Glen A. 2009. "Document Analysis as a Qualitative Research Method." *Qualitative Research Journal* 9(2):27-40.
- Carter, Jane, Sarah Byrne, Kai Schrader, Humayun Kabir, Zenebe Bashaw Uruguchi, Bhanu Pandit, Badri Manandhar, Merita Barileva, Norbert Pijls and Pascal Fendrich. 2014. "Learning About Women's Empowerment in the Context of Development Projects: Do the Figures Tell Us Enough?". *Gender & Development* 22(2):327-49.
- EMPRAPA. 2014, "Minas Gerais Responde Por 50% da Produção Brasileira de Café": Empresa Brasileira de Pesquisa Agropecuária. (<https://www.embrapa.br/en/busca-de-noticias/-/noticia/2336226/minas-gerais-responde-por-50-da-producao-brasileira-de-cafe>).
- Fair Trade USA. 2013, "Principles: Fair Trade Standards", Fair Trade USA. Retrieved 15 October, 2015 (http://fairtradeusa.org/sites/all/files/wysiwyg/filemanager/standards/FTUSA_Standards_Principles.pdf).
- Fair Trade USA. 2014, "Fair Trade USA: Farm Workers Standard Version 1.1": Fair Trade USA. Retrieved 5 November, 2015 (http://fairtradeusa.org/sites/all/files/wysiwyg/filemanager/standards/FTUSA_FWS_Standard_1.1_EN_060114.pdf).
- Fair Trade USA. 2016. "Fair Trade USA 2016 Almanac." California, USA: Fair Trade USA.
- Fairtrade International. 2013, "Monitoring the Scope and Benefits of Fairtrade: Fifth Edition 2013": Fairtrade International. Retrieved 12 May, 2017 (https://www.fairtrade.net/fileadmin/user_upload/content/2009/resources/2013-Fairtrade-Monitoring-Scope-Benefits_web.pdf).
- INIDE. 2012, "Anuario Estadístico": Sistema Estadístico Nacional. Retrieved 12 July, 2016 (<http://www.inide.gob.ni/Anuarios/Anuario%202012.pdf>).

- Jupp, Dee and Sohel Ibn Ali. 2010. "Measuring Empowerment? Ask Them: Quantifying Qualitative Outcomes from People's Own Analysis." *SIDA Studies in Evaluation 2010:1*. SIDA.
- Luttrell, Cecilia and Sitna Quiroz. 2009. "Understanding and Operationalising Empowerment." London: Overseas Development Institute.
- MAPA. 2017, "Café No Brasil": Ministério da Agricultura, Pecuária e Abastecimento. Retrieved 30 July, 2017 (<http://www.agricultura.gov.br/assuntos/politica-agricola/cafes/cafecultura-brasileira>).
- Marshall, Catherine and Gretchen Rossman. 2011. *Designing Qualitative Research*. Thousand Oaks, CA: Sage Publications.
- Maxwell, Joseph A. 1996. *Qualitative Research Design: An Interactive Approach*. Thousand Oaks, CA: Sage.
- McCorkel, Jill and Kristen Myers. 2003. "What Difference Does Difference Make? Position and Privilege in the Field." *Qualitative Sociology* 26(2):199-231.
- Morgan, David. 1996. "Focus Groups." *Annual Review of Sociology* 22:129-52.
- Mosquera, Erika and Martha Del Rio. 2015. "Measuring and Assessing Impacts of Fair Trade USA on Farm Workers in Nicaragua." Vol. *Infographic*. Cali, Colombia: International Center for Tropical Agriculture (CIAT).
- Narayan, Deepa. 2005. "Measuring Empowerment: Cross-Disciplinary Perspectives." Washington, D.C.: The World Bank.
- Peek, Lori and Alice Fothergill. 2009. "Using Focus Groups: Lessons from Studying Daycare Centers, 9/11, and Hurricane Katrina." *Qualitative Research* 9(1):31-59.
- Pratt, Michael. 2009. "For the Lack of a Boilerplate: Tips on Writing up (and Reviewing) Qualitative Research." *Academy of Management Journal* 52(5):856-62.
- Rocha, Alda. 2016, "Ipanema Tem Novo Sócio E Faz Parceria" *Revista Cafeicultura*, São Paulo. Retrieved 20 May, 2018 (<http://revistacafeicultura.com.br/?mat=61071>).
- Rowlands, Joanna. 1997. *Questioning Empowerment: Working with Women in Honduras*. Oxford, England: Oxfam.
- Rubin, Herbert and Irene Rubin. 2012. *Qualitative Interviewing: The Art of Hearing Data*. Thousand Oaks, CA: Sage Publications.
- Scrutton, Claire and Cecilia Luttrell. 2007, "Empowerment Note 2: The Definition and Operationalisation of Empowerment in Different Agencies" *The Poverty-Wellbeing: Poverty - Wellbeing*. Retrieved 12 July, 2014 (<https://www.shareweb.ch/site/Poverty-Wellbeing/currentpovertyissues/Documents/The%20definition%20and%20operationalisati>

on%20of%20empowerment%20in%20different%20development%20agencies%20-
%20Claire%20Scrutton%20August%202007.pdf).

Wax, Rosalie. 1952. "Field Methods and Techniques: Reciprocity as a Field Technique." *Human Organization* 11:34-37.

World Bank. 2014, "What Is Empowerment": PovertyNet. Retrieved 14 August, 2014 (<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTEMPOWERMENT/0,,contentMDK:20272299~pagePK:210058~piPK:210062~theSitePK:486411~isCURL:Y,00.html>).

CHAPTER 5: FAIR TRADE EMPOWERMENT AND GENDER EQUITY APPROACH

5.1 Introduction

Empowerment, a concept once used largely by social movements and NGOs, became part of the mainstream development agenda to reduce global inequality, exploitation and poverty. While the richest 10 percent of adults globally hold 88 percent of the world wealth (Credit Suisse 2017), 896 million people still live at or below US\$1.90 a day (World Bank 2015). Despite an increase in the world's population, extreme poverty has steadily decreased in the last three decades;¹⁰⁵ however, reduction of higher poverty lines has only slightly declined¹⁰⁶ (World Bank 2015). In this context, national and international agencies, have increasingly used empowerment as a framework in intervention efforts. In development practice and discourse, empowerment became a response to the criticisms of structural adjustment policies and the inability of early top-down development approaches to reduce poverty or consider gender inequalities.

Fair trade adopted empowerment as one of its main strategies to enhance autonomy and agency of workers and producers. However, empowerment as a concept has been widely used and abused (Batliwala 2007). Many studies have attempted to measure empowerment, “some seeking to facilitate comparisons between locations or over time, some to demonstrate the impact of specific interventions on women's empowerment, and others to demonstrate the implications of women's empowerment for desired policy objectives” (Kabeer 1999:436). Empowerment lacks universal definition, rendering a multitude of interpretations not easily translated in all languages (FRIDE 2006). The usefulness of the concept is weakened when there is conceptual ambiguity as

¹⁰⁵ From 37 percent in 1990 to 12.7 percent in 2012 (World Bank 2015).

¹⁰⁶ In 2011, 2.2 billion people lived on less than US\$3.10 a day indicating slower progress from the 2.59 billion in 1981 (World Bank 2015).

to whether empowerment is a tool for change or tool for analysis (Luttrell and Quiroz 2009). This chapter explores how empowerment is defined in the literature, focusing on three empowerment approaches commonly used in development initiatives. This chapter presents the Fair Trade USA empowerment approach and its shortcomings. It provides a brief review of the fair trade empowerment literature, shedding light to how women's empowerment in particular is addressed.

5.2 Empowerment

Scholars have long debated the definition of empowerment and how to measure it. The lack of consensus is based on the conceptualization of empowerment as a multi-dimensional and dynamic process (Carter et al. 2014). Conceptual incongruences arise because the root-concept of power is itself disputed (Rowlands 1997:9). For Sen (1997:2), empowerment is about power, “changing power relations in favour of those who previously exercised little power over their lives.”¹⁰⁷ Empowerment as a term has been embraced by a diverse range of institutions, from the World Bank to Oxfam and many more radical NGOs (Scrutton and Luttrell 2007). Disagreements ensue whether empowerment is a process or a state of being, objectively studied or only measured subjectively, or whether it is a coherent overarching abstract concept or assessed through a range of characteristics or smaller component parts (Bishop and Bowman 2014:255).

While some institutions refer to empowerment as a collective political struggle against oppression, others “refer to the consciousness of individuals and the power to express and act on one's desires” (Luttrell and Quiroz 2009:2). More broadly, empowerment refers to the expansion of freedom of choices and actions (Narayan 2002) and cannot be “directly observed, and needs to be described through proxy indicators, indirect measures or signs” (Carter et al. 2014:329). In the fair trade literature, the contested and abstract nature of empowerment leads to multiple definitions

¹⁰⁷ Sen (1997) referred to Batliwala's (1993) definition of power in terms of resources and ideology control to conclude that empowerment is a process of gaining control.

and measurement strategies, posing theoretical and practical challenges in the field. Le Mare (2012) indicated slippages in the way empowerment is used in fair trade to mean producer/organizational empowerment, community empowerment, women's empowerment, and even individual empowerment.

Empowerment is not a recent concept and has been related to terms of autonomy, self-worth, agency, power, and self-direction (Nayaran 2005). However, the term became politically charged in the latter half of the twentieth century, "when it was adopted by the liberation theology, popular education, black power, feminist and other movements engaged in struggles for more equitable, participatory and democratic forms of social change and development" (Batliwala 2007:558). While the term empowerment is not new, the systemic construction of an analytical framework to guide state action and international development efforts is relatively recent. The World Bank proposed a conceptual empowerment framework as an important dimension of poverty reduction. This institution defines empowerment as:

The process of enhancing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes. Central to this process are actions which both build individual and collective assets, and improve the efficiency and fairness of the organizational and institutional context which govern the use of these assets (World Bank n.d.:para. 1).

This definition suggests that empowerment measurement and evaluation are often associated with elements of political processes, awareness raising, decentralization, legal structures, and democracy (Alkire 2005). For Narayan (2002:vi), empowerment is "the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives." The Western view of empowerment as participation in societal structures dominated early development efforts, focusing on enabling the participation of the disempowered in political and economic decision-making processes.

Empowerment has also been related to social mobilization (Bennett 2002), decision-making, and as a necessary prerequisite to change people's reality. Lastly, many scholars have addressed empowerment as an increase in power to effect change (Bartlett 2004; Kabeer 1999).

While no consensus exists about the conceptualization of empowerment, scholars agree that this term is multidimensional, culturally grounded, relational and applicable to different levels of aggregation (Bishop and Bowman 2014; Mason 2003; Samman and Santos 2009). Empowerment is multidimensional, as the experiences of individuals are interwoven and bounded to different spheres of social life affected by social context. In other words, individuals with strong decision-making power in one sphere may not necessarily have the same power or agency in another sphere of social life; different dimensions can vary independently of one another. It is also challenging to uncover and measure the different forms of empowerment and how they impact individuals' subjective experience in different dimensions and the path in which the intervention affects their lives (Kabeer 1998). Empowerment is also culturally grounded as norms and institutions that guide interactions are bounded to political, economic and cultural systems, resulting in an array of practices that disempower individuals. Thus, stratification systems present cross-cultural variations that can only be understood within a social context. Adding to the complexity, individuals' intersecting identities generate differing subjective experiences of intersectional inequality that plays out radically differently in different contexts (Bishop and Bowman 2014:255). Empowerment "emphasizes the fact that women experience oppression differently according to their race, class, colonial history and current position in the international economic order" (Moser 1989:1815). In other words, empowerment refers to the relative position of an individual or group in relation to others. Although the empowerment approach looks at domination-subordination in which people are empowered or disempowered in relation to others

with whom they interact, it focuses on individuals' capacity to increase self-reliance and internal strength (Moser 1989).

Many international development projects and initiatives have targeted individual empowerment, particularly women's empowerment as central to development (Eyben 2008). Women's empowerment as a concept emerged in the 1980s largely from the women's movement,¹⁰⁸ particularly Third World feminists, as a reaction to prior apolitical and economic approaches (Batliwala 2007:558). Feminists criticized development projects that targeted women, as they often increased their work burden (Luttrell and Quiroz 2009). More recently, the term empowerment was revitalized to mean political and transformative ideologies to challenge patriarchy, and mediating structures of race, class and ethnicity that determine the position of women (Batliwala 2007:558). The extensive literature written particularly on women's empowerment reflects the endorsement and promotion of empowerment by feminists as central to development projects (FRIDE 2006). This section discusses three empowerment approaches, focusing on the economic dimension (Golla et al. 2011), the expansion of assets and capacities (World Bank n.d.), and the integration and comprehensiveness of the multiple axis of stratification (Kabeer 1999).

5.2.1 Empowerment and the Economic Dimension

A common empowerment approach in development practice focuses on increasing individuals' participation, particularly women's, in the economic sphere. In fact, many development projects often sought to increase women's empowerment by providing economic opportunities to them (Bishop and Bowman 2014) as women have been traditionally excluded from the workforce. From this perspective, improving women's access to economic opportunities

¹⁰⁸ The work of Paulo Freire was influential in the emergence of empowerment as a philosophy.

is likely to increase their decision-making power and agency in both the household and the public sphere (Luttrell and Quiroz 2009). Women's economic empowerment not only benefits women and protects their rights, but society by reducing household poverty (Esplen and Brody 2007). Golla et al. (2011:4) defined women's economic empowerment as women's "ability to succeed and advance economically and the power to make and act on economic decisions."

The Golla et al. (2011) model of women's economic empowerment was constituted of two inter-related components: 1) economic advancement and 2) power and control. Economic advancement refers to women's need to have skills, resources (human, financial, social and physical capital), and fair and equal access to economic institutions, whereas power and agency is related to women's ability to control resources and make/act on decisions, respectively. These components are connected and dynamic; economic advancement promotes women's power and agency, at the same time, women's ability to control resources and make choices realize women's economic advancement. This model is embedded in social systems governed by norms and institutions that mediate individuals' relationships in particular social and economic contexts. In this model, development projects can address empowerment by enhancing resources available to individuals (resource redistribution), redefining norms and institutions, or building women's power and agency. For Golla et al. (2011), economic advancement and power-agency can be measured separately at different stages ranging from immediate to long-term impacts.

Although the economic empowerment framework has been frequently used, particularly in microcredit projects, it overlooks the importance of an individual's ability and openness to identify alternatives to translate these assets into agency. The presence of alternatives or resources does not automatically lead to agency. In other words, the over emphasis of the economic sphere to counterbalance the historical patterns of unequal access and distribution of economic resources to

the marginalized is one of the main sources of disempowerment as it overlooks structural inequalities and power relations in other domains that can hinder economic empowerment.

5.2.2 World Bank's Empowerment Approach

Another well known empowerment approach is the World Bank's framework¹⁰⁹ to guide development efforts to poverty reduction and analysis. The World Bank developed a broader and yet robust empowerment framework constituted of two components: expansion of agency and institutional environment in which choices are made (Alsop and Heinsohn 2005). While the former refers to the ability to make and act on behalf of individual values and choices, the latter is related to the opportunity structure in which agency can be realized (Ibrahim and Alkire 2007). Opportunity structure refers to the "broader institutional, social and political context of formal and informal rules and norms within which actors pursue their interests" (Samman and Santos 2009:3) that enables or hinders agency. Opportunity structure is about access to information, degree of inclusion and participation in the economic life, the degree of accountability of the public sector and the capacity of local organization. In addition, opportunity structure refers to the individuals' degree of openness to utilize these opportunities and services (Narayan 2002, 2005). In other words, one must look at the opportunity structure that "allows people to translate their asset base into effective agency..." (Alsop et al. 2006 in Samman and Santos 2009:3). In terms of measuring women's empowerment, scholars should analyze whether women have the opportunity to make a choice - *existence of choice*, whether women actually use the opportunity to make a choice - *use of choice*, and whether the choice brings about desired results - *achievement of choice* (Samman and Santos 2009). The emphasis is on the degrees of empowerment (Alsop and Heinsohn 2005). The usefulness of this model is that it can shed light on institutional constraints that can hinder the

¹⁰⁹ The World Bank's Empowerment Sourcebook (Narayan 2002).

transformation of individuals' choices into desired outcomes, however this broad approach to empowerment can be confused with development (Samman and Santos 2009).¹¹⁰

5.2.3 The Multidimensionality of Empowerment

Kabeer's (1999) empowerment framework is influential and often cited by development scholars (Carter et al. 2014). In this framework, empowerment is defined as a process that gives power to individuals to make strategic choices. Kabeer emphasized the disempowered condition of individuals, framing empowerment as the process of change, "empowerment refers to the processes by which those who have been denied the ability to make choices acquire such an ability" (Kabeer 2005:13). In order for disempowered individuals to be empowered, there must be alternatives and they must perceive these alternatives as possible choices. In other words, the existence of alternatives is insufficient for empowerment if individuals cannot recognize them as possible outcomes. The latter condition poses greater challenges to women's empowerment as gender dynamics operate through the unquestioned acceptance of power. Not only are there disproportionate opportunities available for women, but the internalization of their disadvantaged position and unequal power distribution has led them to behave as if alternatives to question their social reality are outside the realm of possibilities.

For Kabeer (1999), the empowerment model has three interrelated dimensions: agency, resources and achievement. Resources are pre-conditions like economic, human and social resources that enhance the ability to exercise choice. The acquisition of resources "reflect the rules and norms which govern distribution and exchange in different institutional arenas" (Kabeer 1999:437). For Kabeer (2005), agency is an individual's ability to define their own goals, meanings, motivations and purpose as they act upon them. In that, agency is the "power within"

¹¹⁰ Samman and Santos (2009) provided an insightful discussion about the differences between development processes and empowerment frameworks.

that is not restricted to decision-making but to other forms such as bargaining and negotiating, deception and manipulation, subversion and resistance, or more intangible cognitive processes of reflection and analysis (Kabeer 1999). Kabeer (1999) addressed agency as a dichotomous concept with a positive and negative side in relation to power. Positive agency (power to) refers “to people’s capacity to define their own life-choices and to pursue their own goals, even in the face of opposition from others” (Kabeer 1999:438). Conversely, individuals exercise ‘negative’ agency by overriding the agency of others through violence, coercion or threat (power over). However, power can be exercised without explicit agency as certain social behaviors are reproduced through norms and rules that are unquestioned, thus not experienced as the exercise of power. Lastly, achievements refer to the outcome of agency, but one must analyze and distinguish gender differentials in functioning achievements that embody denial of choice from outcomes that reflect difference in preferences (Kabeer 1999:439).

It is important to note that the Golla et al. (2011) and World Bank approaches were developed based on the assumption that empowerment is a process related to poverty and marginalized individuals including women and indigenous people, rather than a framework applicable to any process of change in which choices have been denied. This limitation calls for an empowerment model that is relevant to any disempowered conditions of any axis of stratification. Kabeer’s (1999) empowerment approach encompasses both empowerment as a process for the betterment of society/individual or power struggles that can potentially constrain the choices of others. Unlike the World Bank (Narayan 2002) and Golla et al. (2011) frameworks that focused on agency as the ability to act towards desired goals, Kabeer (1999) underlined the exercise of power that goes beyond the ability to act or make decisions to include bargaining and negotiating.

5.3 The Fair Trade Empowerment Approach

Fair Trade USA's empowerment framework is based on inclusive participation, transparency, management of the Fair Trade Premium, training and capacity building (Fair Trade USA 2015a). The framework is supported by standards aimed at advancing economic development, social responsibility and environmental stewardship principles (see Fair Trade USA 2015a). Workers' standards aim at improving labor and environmental conditions through social, economic and environmental requirements for certified estates. In particular, the Fair Trade USA Farm Workers Standard¹¹¹ emphasized the importance of managing the Fair Trade Premium to promote empowerment at the individual and collective levels:

Through the process of electing a Fair Trade Committee, developing a Fair Trade Premium Work Plan and making choices on how to spend the Fair Trade Premium...Through these actions, our vision is that workers are able to build individuals and collective assets and improve their effectiveness and participation on the farms for which they work. Specifically, workers are able to represent themselves effectively in negotiations with management for improved working conditions, as well as partner with farm management to increase empowerment of all workers (Fair Trade USA, 2014:4).

Fair Trade USA's farm workers standard aims to increase "empowerment, including leadership and organization of farm workers, foster economic development, and to ensure fair working conditions and environmentally responsible production methods on larger farms" (Fair Trade USA 2014:4). It requires worker representation, inclusive participation and transparency in the access and distribution of the Fair Trade Premium, clear and effective communication between management and workers, training, capacity building, and worker rights awareness (Fair Trade USA 2015a). Although Fair Trade USA standards provide opportunities in which individuals can

¹¹¹ Since parting ways from Fairtrade International in 2012, Fair Trade USA did not provide a comprehensive theoretical framework at the time of this research to assess empowerment in Fair Trade Certified estates beyond the certification requirements.

make choices (agency), little is known about the process in which workers recognize and seize these opportunities to become empowered.

A few studies have been conducted on agricultural estates certified by Fairtrade International,¹¹² reporting some benefits and empowerment for farm workers. However, they also identified challenges that hindered empowerment, such as management resistance to listen to workers' ideas and concerns, increased workload, reduced training quantity and quality, concerns about the sustainability of the Premium, and confidentiality in workers' assembly meetings (Lyll 2014:4). The few existing certified estate studies in the flower, banana and tea sectors indicated that Fairtrade International certification improved workers' participation, self-esteem, and social and economic upgrading (Lyll 2014; Ostertag et al. 2014), as it promoted and protected workers' rights of association, and individual and collective empowerment through capacity building opportunities and social Premium programs (Raynolds 2012). However, there are limitations and unevenness in the Fairtrade International benefits and empowerment outcomes (David 2014; Makita 2012). Hierarchical structure of estates and power inequalities pose empowerment challenges (Moore 2010), potentially reinforcing unequal social dynamics.

Most of the literature that addresses the economic, social and environmental impacts of the Fairtrade International certification¹¹³ lacks a gender analysis¹¹⁴ (Lyon 2008; Smith 2013;

¹¹² Aside from the annual reports, Fair Trade USA has not published any impact assessment studies since parting ways from Fairtrade International nor has there been any academic study on Fair Trade Certified estates, producer organizations or independent smallholders. Although the fair trade certification literature is mainly based on Fairtrade International studies, the findings are still useful and relevant since both certification systems draw from a single empowerment framework despite some variations in the certification requirements (see Linton and Rosty 2015).

¹¹³ It is impractical to attempt to conclude the overall involvement of women in Fairtrade International production since there are substantial findings to support and challenge their involvement. Women's involvement in Fairtrade International production "varies by crop, type of production system and country context. Fairtrade [International] may influence the extent and the type of productive work women do, with both positive and negative implications for gender equality, often varying between women within one location" (Smith 2013:109).

¹¹⁴ Fair Trade USA has not provided information on labor force gender composition from its certified entities. In terms of gender equity, Fair Trade USA hired labor standards ensure "that women have equal opportunities in the company and equal access to the benefits of Fair Trade" (Fair Trade USA 2014:94). In addition, management needs to have a "policy in place regarding staff/worker qualifications. In particular the needs of disadvantaged/minority groups

Terstappen, Hanson and McLaughlin 2013). Studies that focused on assessing empowerment such as increases in self-confidence and greater democratic organization often failed to recognize the distinct gender processes. Nelson and Pound (2009:33) stated that the lack of gender analysis in Fairtrade International studies makes it difficult to assess the extent to which certification challenges or reinforces gender stereotypes and inequalities. The few existing Fairtrade International gender studies “often conclude that women are less likely to benefit from Fairtrade than men...” (Smith 2013:103). Gender-focused case studies showed little Fairtrade International success in promoting gender equity, potentially “reinforcing existing inequitable institutions and systems” (Terstappen et al. 2013:27). In the peasant sector, gender barriers substantially impacted women’s decision-making power and control over assets within the household and producer organizations (Fairtrade International 2013). Women tended to work as much as men in coffee production and women engaged in certified farms tended to work even more than their female counterparts in non-Fairtrade International certified producer contexts in Bolivia (Imhof and Lee 2007:88). Additional workload incurred by Fairtrade International certification requirements “tends to fall more upon the shoulders of female producers and yet they often have less control over cash crop income” (Nelson and Pound 2009:34; Le Mare 2008). In summary, the ability of women to benefit from Fairtrade International seems largely contingent on gendered social norms and gendered division of labor in local economies.

The fair trade empowerment literature often addresses participation and representation as indicators of empowerment and gender equity. Scholars regularly measured Fairtrade International benefits in terms of participation. However, Terstappen et al. (2013) argued that participation is an insufficient measure of gender equity, while Bassett (2010) showed that women’s participation in

(including women) should be targeted with training and other programs” (Fair Trade USA 2014:93). However, Fair Trade USA does not particularly mention women’s empowerment anywhere in its Farm Workers Standards.

Fairtrade International cotton production is largely overestimated in West Africa. When participation is treated as a “means to respond to the demands of donor agencies, to make participants responsible for the outcome of a programme or to carry out a simple consultation, empowerment will not be achieved” (FRIDE 2006:5). Nevertheless, a more fertile ground for empowerment is created when workers are involved in strategy formulation and implementation of programs, adjusting initiatives to their needs and social contexts. This perspective acknowledges the importance of worker agency in making decisions that are most relevant to their needs and the entanglement of agency with bounded gender relations and social systems.

Although Fair Trade USA has not developed a framework to assess women’s empowerment, Smith (2013) presented a conceptual framework to assess Fairtrade International’s gender impacts. She argued that Fairtrade’s major strategies for improving gender equity relate to: the setting and enforcing of standards; the support provided for strengthening producer and worker organizations, and the building of markets for certified goods (Smith 2013:114). Yet, the full range of Fairtrade International gender impacts is largely unknown since most studies do not address this dimension. The few existing gender-focused studies have mainly addressed income and employment opportunities, organizations and network of small producers and workers¹¹⁵ with the bulk of the studies focusing on women’s participation in production and producer/worker organizations. While some scholars have reported low women’s participation in Fairtrade International producer organizations (Ronchi 2002a; Ruben, Fort and Zúñiga-Aria 2009; Utting-Chamorro 2005), others have indicated high or increasing participation of women (Lyon, Bezaury and Mutersbaugh 2010; Torgerson 2010; Utting 2009).

¹¹⁵ Smith (2013) identified four areas in which Fairtrade International may have gender-related impacts: 1) income and employment opportunities, 2) intra-household gender dynamics, 3) organizations and network of small producers and workers and 4) social, cultural, legal, political and environmental context.

Gender-focused studies have analyzed women's participation and income opportunities in peasant production (Lyon et al. 2010), focusing on access to credit (Bacon et al. 2008) and income generating activities (Ronchi 2002b), but few studies have examined intra-household gender dynamics (Ruben et al. 2009). Gender relations are dynamic and they tend to change over time through processes of conflict, cooperation and bargaining (Smith 2013). Research suggests that women have greater ability to negotiate gender intra-household gender relations when they receive direct payment for the production, have land ownership, or control over production. Scholars have found that women in Fairtrade production are more involved in family discussions about resource allocation and have "more freedom in deciding how to use their income from cotton" (Nelson and Smith 2011:72). Female membership in Nicaraguan Fairtrade International cooperatives increased their involvement in household decision-making (Bacon 2010) and female landownership increased their voice in the domestic and public sphere (McMurty 2009). While women's access to economic opportunities facilitates changing intra-household gender relations, men still exercise control over women. Bassett (2010) reported that gender relations limit women's access to land and participation in organic/Fairtrade cotton production in West Africa and that bargaining position in the household remains largely unchanged, unless women are accepted as full cooperative members and included in the board (Hoebink et al. 2014).

In 2015, Fair Trade USA (2015b) developed a Producer Impact Framework¹¹⁶ with expected outcomes and indicators of empowerment, individual and community well-being, income sustainability and environmental stewardship to promote sustainable livelihoods as indicated on Figure 5.1. In this model, Tier 1 Outcomes refer to the goals of the Fair Trade USA certification

¹¹⁶ Fair Trade USA's Theory of Change and the Producer Impact Framework were not available during the data collection and analysis of this research.

and Tier 2 Outcomes refer to the “quantitative or qualitative factors to which Fair Trade USA directly or indirectly contributes” (Fair Trade 2015b:6).

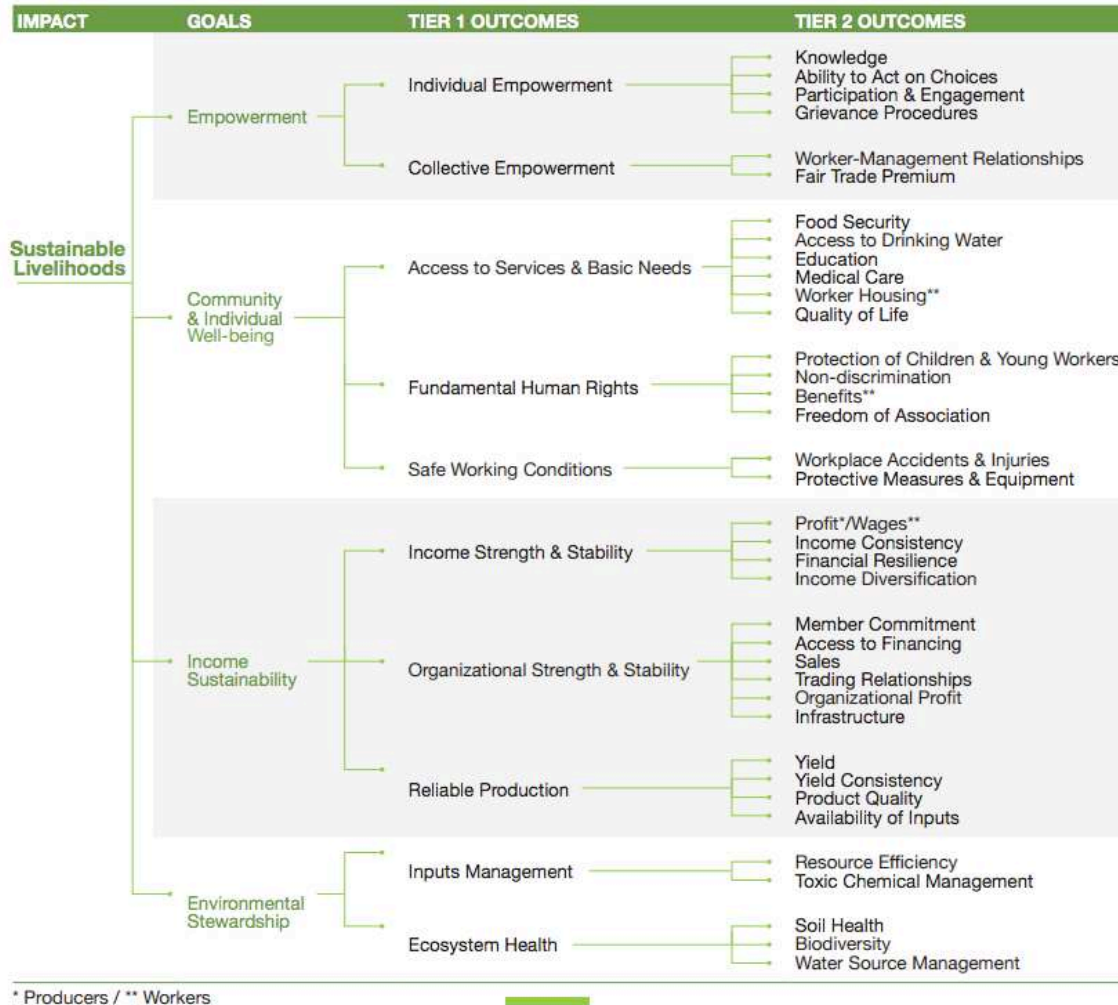


Figure 5.1. Producer Impact Framework.

Source: Fair Trade USA (2015b).

My research considered different unit levels of empowerment and employed the same World Bank (n.d.) definition of empowerment as Fair Trade USA.¹¹⁷ The Fair Trade USA approach to empowerment encompasses: 1) knowledge, 2) ability to act on choices, 3) participation and engagement, 4) grievance procedures, 5) worker-management relations, and 6) Fair Trade Premium. In particular, Fair Trade USA identified the management and usage of the Fair Trade Premium as a core initiative to promote workers' empowerment. Although this

dissertation study also incorporated these aspects, it took a broader approach to include well-being and income sustainability since they are fundamental in empowerment processes.

Although Fair Trade USA recently provided a framework to assess its intervention, the organization was not explicit about how the Producer Impact Framework elements systematically interact and contribute to farm worker empowerment. Fair Trade USA has the potential to improve producers and farm worker conditions, however its impact is mediated by economic, social, cultural and political contexts that must be considered. The interplay between universal certification requirements and local contexts can generate benefits and opportunities for workers or it can constrain their empowerment. The challenge in studying workers' empowerment is to demonstrate how the Fair Trade USA intervention, through standards such as the management of Fair Trade Premium, leads to empowerment considering the multi-dimensionality of this process.

5.4 Conclusion

Fair Trade USA certification seeks to ensure basic labor rights and compliance with national regulations and aims to promote worker empowerment by bolstering their capacity and agency. Yet, this organization does not clarify how its standards and initiatives lead to empowerment or how power, control, agency, critical consciousness, (unequal) resources distribution and access, and capacity building fit in this process.¹¹⁸

Many studies indicated that Fairtrade International's certification has substantially improved the livelihoods of some producers and workers, however it is less clear whether Fairtrade interventions are able to challenge gender relations that marginalize women. To address women's empowerment, researchers should prioritize the development of a gendered analytical framework

¹¹⁸ Although there are additional important empowerment elements such as the ones present in the fair trade discourses like participation, leadership and training, it is not clear how they come together in the empowerment process for Fair Trade USA.

and robust measurements to particularly study women in fair trade certified producer organizations and estates. More consideration is needed to critically assess the interweaving of contextual factors and certification standards to ground women's responses and strategies. By approaching Fair Trade USA as a catalyst, greater emphasis is given to the role of social contexts and existing community efforts that enhance or hinder empowerment to rigorously distinguish the 'on the ground' certification impacts. Fair Trade USA has the potential to make significant contributions to the practical needs of workers,¹¹⁹ particularly by improving their living and working conditions.¹²⁰ However, it is less clear how the certification particularly assists farm workers in challenging unequal power, and subordination-domination relations in certified estates.

It is important to critically assess Fair Trade USA's certification impacts because workers and producers draw on Fair Trade USA resources to challenge and advance their social position. Fair Trade USA certification can improve workers' livelihoods and generate unintended negative impacts on workers. In particular, impact assessment studies are needed when addressing gender inequality, as Fair Trade USA standards¹²¹ do not provide substantial structural conditions to enhance women's (individual and collective) capacity to effectively challenge gender relations. This dissertation study provides some insights into the transformative capacity of the Fair Trade USA certification to empower and promote gender equity in newly certified coffee estates.

¹¹⁹ The terms practical and strategic needs are from Caroline Moser's (1989) work; an analogy to Molyneux's (1985) practical and strategic gender interests. From a gender analysis, practical need is the immediate perceived need that does necessarily challenge the prevailing forms of women's subordination and oppression like the strategic needs. The latter requires a certain level of consciousness, and other elements, to promote social change.

¹²⁰ This is congruent with the Fairtrade International literature and the empirical findings discussed above.

¹²¹ Fairtrade International has recently revised its hired-labor standards to strengthen workers' rights (see Raynolds 2014).

References

- Alkire, Sabina. 2005. "Subjective Quantitative Studies of Human Agency." *Social Indicators Research* 74(1):217-60.
- Alsop, Ruth and Nina Heinsohn. 2005. "Measuring Empowerment in Practice: Structuring Analysis and Framing Indicators." *Policy Research Working Papers*. Washington, D.C.: World Bank.
- Bacon, Christopher. 2010. "A Spot of Coffee in Crisis: Nicaraguan Smallholder Cooperatives, Fair Trade Networks, and Gendered Empowerment." *Latin American Perspectives* 37(2):50-71.
- Bacon, Christopher M., V. Ernesto Mendez, Maria Eugenia Flores Gomez, Douglas Stuart and Sandro Raul Diaz Flores. 2008. "Are Sustainable Coffee Certifications Enough to Secure Farmer Livelihoods? The Millenium Development Goals and Nicaragua's Fair Trade Cooperatives." *Globalizations* 5(2):259-74.
- Bartlett, Andrew. 2004. "Entry Points for Empowerment." CARE Bangladesh.
- Bassett, Thomas J. 2010. "Slim Pickings: Fairtrade Cotton in West Africa." *Geoforum* 41(1):44-55.
- Batliwala, Srilatha. 1993. *Empowerment of Women in South Asia: Concepts and Practices*. New Delhi: Asian South Pacific Bureau of Adult Education.
- Batliwala, Srilatha. 2007. "Taking the Power out of Empowerment – An Experiential Account." *Development in Practice* 17(4-5):557-65.
- Bennett, Lynn. 2002. "Using Empowerment and Social Inclusion for Pro-Poor Growth: A Theory of Social Change." *Background Paper*. The World Bank Social Development Sector Strategy.
- Bishop, David and Kimberly Bowman. 2014. "Still Learning: A Critical Reflection on Three Years of Measuring Women's Empowerment in Oxfam." *Gender & Development* 22(2):253-69.
- Carter, Jane, Sarah Byrne, Kai Schrader, Humayun Kabir, Zenebe Bashaw Uraguchi, Bhanu Pandit, Badri Manandhar, Merita Barileva, Norbert Pijls and Pascal Fendrich. 2014. "Learning About Women's Empowerment in the Context of Development Projects: Do the Figures Tell Us Enough?". *Gender & Development* 22(2):327-49.
- Credit Suisse. 2017. "Global Wealth Report 2014." Zurich, Switzerland: Credit Suisse; The Research Institute.
- David, Phillips. 2014. "Uneven and Unequal People-Centered Development: The Case of Fair Trade and Malawi Sugar Producers." *Agriculture and Human Values* 31(4):563-76.

- Esplen, Emily and Alyson Brody. 2007. "Putting Gender Back in the Picture: Rethinking Women's Economic Empowerment." Vol. 19. Brighton: UK: BRIDGE: Development and gender.
- Eyben, Rosalind. 2008. "Conceptualising Policy Practices in Researching Pathways of Women's Empowerment." *Pathways Working Paper 1*. Pathways of Women's Empowerment.
- Fair Trade USA. 2014, "Farm Workers Standard: Version 1.1": Fair Trade USA. Retrieved 13 December, 2014 (https://www.scsglobalservices.com/files/ftusa_fws_standard_1.1_en_102513.pdf).
- Fair Trade USA. 2015a, "Principles: Fair Trade USA Standards". Retrieved 3 December, 2015 (http://fairtradeusa.org/sites/all/files/wysiwyg/filemanager/standards/FTUSA_Standards_Principles.pdf).
- Fair Trade USA. 2015b, "Impact Management System": Fair Trade USA. Retrieved 12 December, 2017 (https://www.fairtradecertified.org/sites/default/files/filemanager/documents/FTUSA_Impact_Management_System_EN.pdf).
- Fairtrade International. 2013. "Monitoring the Scope and Benefits of Fairtrade: Fifth Edition 2013." Bonn, Germany: Fairtrade International.
- FRIDE. 2006. "Development Backgrounder May 2006." in *Empowerment*, Vol. 1.
- Golla, Anne Marie, Anju Malhotra, Priya Nanda and Rekha Mehra. 2011. "Understanding and Measuring Women's Economic Empowerment." Washington, D. C.: International Center for Research on Women.
- Hoebink, Paul, Ruerd Ruben, Willem Elbers and Bart Rijsbergen. 2014. "The Impact of Coffee Certification on Smallholder Farmers in Kenya, Uganda and Ethiopia." Netherlands: Centre for International Development Issues Nijmegen.
- Ibrahim, Solava and Sabina Alkire. 2007. "Agency & Empowerment: A Proposal for Internationally Comparable Indicators." *OPHI Working Paper Series*. Oxford, UK: Oxford Poverty and Human Development Initiative, University of Oxford.
- Imhof, Sandra and Andrew Lee. 2007. "Assessing the Potential of Fair Trade for Poverty Reduction and Conflict Prevention: A Case Study of Bolivian Coffee Producers." Bern, Switzerland: Swisspeace.
- Kabeer, Naila. 1998. "'Can Buy Me Love'? Re-Evaluating the Empowerment Potential of Loans to Women in Rural Bangladesh." *Discussion Paper 363*. Brighton: Institute of Development Studies.
- Kabeer, Naila. 1999. "Resources, Agency, Achievements: Reflections on the Measurement of Women's Empowerment." *Development & Change* 30(3):435-64.

- Kabeer, Naila. 2005. "Gender Equality and Women's Empowerment: A Critical Analysis of the Third Millennium Development Goal." *Gender and Development* 13(1):13-24.
- Le Mare, Ann. 2008. "The Impact of Fair Trade on Social and Economic Development: A Review of the Literature." *Geography Compass* 2(6):1922-42.
- Le Mare, Ann. 2012. "'Show the World to Women and They Can Do It': Southern Fair Trade Enterprises as Agents of Empowerment." *Gender & Development* 20(1):95-109.
- Linton, April and Claudia Rosty. 2015. "The US Market and Fair Trade Certified." Pp. 333-51 in *Handbook of Research on Fair Trade*, edited by L. T. Reynolds and E. Bennett. Cheltenham, UK: Edward Elgar Publishing.
- Luttrell, Cecilia and Sitna Quiroz. 2009. "Understanding and Operationalising Empowerment." London: Overseas Development Institute.
- Lyall, Angus. 2014. "Assessing the Impacts of Fairtrade on Worker-Defined Forms of Empowerment on Ecuadorian Flower Plantations." Switzerland: Fairtrade International and Max Havelaar-Foundation.
- Lyon, Sarah. 2008. "We Want to Be Equal to Them: Fair-Trade Coffee Certification and Gender Equity within Organizations." *Human Organization* 67(3):258-68.
- Lyon, Sarah, Josefina Aranda Bezaury and Tad Mutersbaugh. 2010. "Gender Equity in Fairtrade—Organic Coffee Producer Organizations: Cases from Mesoamerica." *Geoforum* 41(1):93-103.
- Makita, Rie. 2012. "Fair Trade Certification: The Case of Tea Plantation Workers in India." *Development policy review* 30(1):87-107.
- Mason, Karen. 2003. "Measuring Empowerment: A Social Demographer's View." Paper presented at the Measuring Empowerment: Cross-Disciplinary Perspectives, **February 4 and 5, 2003**, The World Bank; Washington, DC.
- McMurtry, J. 2009. "Ethical Value-Added: Fair Trade and the Case of Café Femenino." *Journal of Business Ethics* 86:27-49.
- Molyneux, Maxine. 1985. "Mobilization without Emancipation? Women's Interests, the State, and Revolution in Nicaragua." *Feminist Studies* 11(2):227-54.
- Moore, Lindsey. 2010. "Reading Tea Leaves: The Impact of Mainstreaming Fair Trade." *Working Paper Series*. London: Development Studies Institute.
- Moser, Caroline. 1989. "Gender Planning in the Third World: Meeting Practical and Strategic Gender Needs." *World Development* 17(11):1799-825.
- Narayan, Deepa. 2002. "Empowerment and Poverty Reduction: A Sourcebook" *Draft*, Washington, D.C.: World Bank. Retrieved 23 November, 2015

(<http://documents.worldbank.org/curated/en/2002/06/2002840/empowerment-poverty-reduction-sourcebook>).

- Narayan, Deepa. 2005. "Measuring Empowerment: Cross-Disciplinary Perspectives." Washington, D.C.: The World Bank.
- Nelson, Valerie and Barry Pound. 2009. "The Last Ten Years: A Comprehensive Review of the Literature on the Impact of Fairtrade." Vol. Chatham, UK: Natural Resources Institute, University of Greenwich.
- Nelson, Valerie and Sally Smith. 2011. "Fairtrade Cotton: Assessing Impact in Mali, Senegal, Cameroon and India." Institute of Development Studies.
- Ostertag, Carlos, Oscar Sandoval, Juan Barona and Carolina Mancilla. 2014. "An Evaluation of Fairtrade Impact on Smallholders and Workers in the Banana Sector in Northern Colombia." Corporation for Rural Business Development.
- Raynolds, Laura T. 2012. "Fair Trade Flowers: Global Certification, Environmental Sustainability, and Labor Standards." *Rural Sociology* 77(4):493-519.
- Raynolds, Laura T. 2014. "Fairtrade, Certification, and Labor: Global and Local Tensions in Improving Conditions for Agricultural Workers." *Agriculture and Human Values* 31(3):499-511.
- Ronchi, Loraine. 2002a. "The Impact of Fair Trade on Producers and Their Organisations: A Case Study with Coocafé in Costa Rica." *PRUS Working Paper No. 11*. Brighton, UK: Poverty Research Unit at Sussex.
- Ronchi, Loraine. 2002b. "Monitoring Impact of Fairtrade Initiatives: A Case Study of Kuapa Kokoo and the Day Chocolate Company." *Development Through Trade*. London: Twin.
- Rowlands, Joanna. 1997. *Questioning Empowerment: Working with Women in Honduras*. Oxford, England: Oxfam.
- Ruben, Ruerd, Ricardo Fort and Guillermo Zúñiga-Arias. 2009. "Measuring the Impact of Fair Trade on Development." *Development in Practice* 19(6):777-88.
- Sammnan, Emma and Maria Santos. 2009. "Agency and Empowerment: A Review of Concepts, Indicators and Empirical Evidence." *OPHI Research in Progress series 2009*. Human Development Report in Latin America and the Caribbean: Oxford Poverty and Human Development Initiative University of Oxford and Institute of Development Studies, University of Sussex.
- Scrutton, Claire and Cecilia Luttrell. 2007, "Empowerment Note 2: The Definition and Operationalisation of Empowerment in Different Agencies" *The Poverty-Wellbeing: Poverty - Wellbeing*. Retrieved 12 July, 2014 (<https://www.shareweb.ch/site/Poverty-Wellbeing/currentpovertyissues/Documents/The%20definition%20and%20operationalisati>

on%20of%20empowerment%20in%20different%20development%20agencies%20-%20Claire%20Scrutton%20August%202007.pdf).

Sen, Gita. 1997. "Empowerment as an Approach to Poverty." in *Working Paper Series*. Background Paper to the Human Development Report 1997.

Smith, Sally. 2013. "Assessing the Gender Impacts of Fairtrade." *Social Enterprise Journal* 9(1):102-22.

Terstappen, Vincent, Lori Hanson and Darrell McLaughlin. 2013. "Gender, Health, Labor, and Inequities: A Review of the Fair and Alternative Trade Literature." *Agriculture and Human Values* 30(1):21-39.

Torgerson, Anna Mcloughlin. 2010. "Fair Trade Banana Production in the Windward Islands: Local Survival and Global Resistance." *Agriculture and Human Values* 27(4):475-87.

Utting, Karla. 2009. "Assessing the Impact of Fair Trade Coffee: Towards an Integrative Framework." *Journal of Business Ethics* 86:127-49.

Utting-Chamorro, Karla. 2005. "Does Fair Trade Make a Difference? The Case of Small Coffee Producers in Nicaragua." *Development in Practice* 15(3/4):584-99.

World Bank. 2015, "Poverty Overview". Retrieved 14 December, 2015 (<http://www.worldbank.org/en/topic/poverty/overview>).

World Bank. n.d., "What Is Empowerment?": World Bank. Retrieved 14 August, 2014 (<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTEMPWERMEN/0,,contentMDK:20272299~pagePK:210058~piPK:210062~theSitePK:486411~isCURL:Y,00.html>).

6.1 Introduction

Brazil has been heavily involved in coffee production and international trade for many years (Daviron and Ponte 2005; Pendergrast 1999) and the country has relatively stronger labor laws and many trade unions. Brazilian coffee hired laborers are unionized, but recent labor legislation reform in response to the national political and economic crises (2014-2016) have recently eroded worker's rights and advancement. In Brazil, income inequality is "well above the world average" (Barros et al. 2010:3). Land concentration and class struggles have long characterized the history of the country. However, unlike some other Latin American countries, Brazil never experienced a revolution or undertook a significant agrarian reform to address land tenure. In fact, rural poverty mainly results from colonial era land tenure patterns that have been maintained with the dominance of large agricultural enterprises (Sampaio Jr. 2013).

Brazil is the third largest Fairtrade International coffee producer (Fairtrade International 2017) and the sixth largest Fair Trade Certified coffee exporter (Fair Trade USA 2016). The country has 46 Fairtrade International producer organizations, 28 of which are coffee cooperatives (Fairtrade International 2017). In its Coffee Pilot Program, Fair Trade USA certified three coffee plantations in Brazil (Linton and Rosty 2015), however only the research site, Parati,¹²² kept the certification. Parati already had multiple coffee certifications and it did not undergo significant changes to comply with Fair Trade USA certification standards. The changes were mainly related to the Fair Trade Premium management and investment. This chapter provides background information on Brazilian coffee production and the case study. To understand the position of Brazilian coffee

¹²² Pseudonym

workers, the chapter outlines the national legal context, including land reform policies and labor laws, and the situation of unions in this sector. To assess the impacts of certification on workers' well-being, it addresses the management and investment of the Fair Trade Premium and the immediate changes with the certification, as well as certification impacts on workers' empowerment and gender equity. Overall, the certification made short-term well-being impacts, but showed significant empowerment limitations and challenges.

6.2 Brazilian Coffee Production

In Brazil 43 percent of agricultural land belongs to only 1 percent of rural landowners,¹²³ and small plots less than 10 hectares represent only 2.7 percent of the total agricultural area (IBGE 2006). Brazil's large estates produce most of the agricultural output, including coffee.¹²⁴ Brazil produces 98 percent of the *Arabica*¹²⁵ and *Robusta* coffee in the states of Minas Gerais, São Paulo, Espírito Santo Paraná and Bahia (IBGE 2006). Historically, the environment was devastated where coffee was grown, where trees were chopped and burned to give way to the new coffee plantations. After the soil was depleted, farmers abandoned the land and cleared new forest areas (Pendergrast 1999). Over the years, little has changed in Brazilian coffee cultivation practices of most estates. In large scale coffee enterprises, coffee is produced with little to no shade and planted in rows on flat extensive areas to aid mechanized harvest, although shade cultivation is still practiced by many coffee family farms. Agro-industrial cultivation is associated with greater environmental hazards like soil depletion and erosion, and high chemical inputs that often erode quality. The emphasis on coffee quantity over quality in cultivation practices and the low land elevation¹²⁶ contribute to the low quality of Brazilian coffee beans (Pendergrast 1999). In terms of processing, about 80 percent

¹²³ Properties greater than 1,000 hectares.

¹²⁴ Although 76 percent of coffee establishments (*Arabica* coffee) are under 10 hectares (IBGE 2006).

¹²⁵ The *Arabica* coffee is cultivated in 70 percent of the coffee establishments in the country (IBGE 2006).

¹²⁶ 95 percent of the Brazilian land is situated below 3000 feet.

of Brazilian growers use the dry method¹²⁷ (Café Imports 2016), spreading coffee cherries to dry on patios and turning them numerous times. More recently, many Brazilian farmers have adopted the semi-dry processing method.¹²⁸

6.3 Land Reforms and Brazilian Coffee Workers

Brazil remains the largest coffee producer worldwide (ICO 2013) and over the years, coffee cultivation has shaped its territory, economy, and political and social relations (Dean and Schwartz 1997; Pendergrast 1999; Taunay 1945). Unlike other Latin-American countries where workers still reside on the coffee plantations, the Brazilian coffee workforce mainly consists of rural workers who have been expelled from the countryside. They are dependent on the *turmeiros*¹²⁹ for employment access and transportation. Workers' social and economic position is the result of numerous historical changes in agricultural labor relations, particularly in the coffee sector.

Coffee production in the country was originally carried out by slaves, followed by European immigrants primarily from Italy, Spain, Portugal and Germany. Farmers “paid for the transportation of European immigrants, giving them a house and assigning a specific number of coffee trees to tend, harvest, and process, along with a piece of land so they could grow their own food” (Pendergrast 1999:45). These immigrants soon faced debt peonage, unable to leave the farm until all the financial obligations were honored. They often worked in poor labor conditions, and lived under constant fear in heavily armed farms. This labor scheme, known as *colonato*,¹³⁰

¹²⁷ The Brazilian climate is suitable for this processing method; the dry and wet seasons result in a homogenous flowering and cherry maturation (Coffee Research 2016).

¹²⁸ Or semi-washed. One of the advantages of this method is that it has the characteristics of the dry and wet processed coffee; often sweeter than the wet-processed with the body of the dry-processed coffee while retaining some acidity of the wet-processed coffee (Coffee Research 2016).

¹²⁹ The intermediaries between rural workers and farm owners are responsible for rural workers' recruitment and oftentimes for transportation and oversight.

¹³⁰ The partnership (*parceria*) system was also frequently used in Brazil and gradually replaced the *colonato* (Casagrande 1979). The term partnership was used to describe the labor relations where farm owners supplied immigrants a small piece for cultivation and harvest in exchange for a profit share (generally half or 60/40 percent for the farm owner) of the coffee sales and other commodities. On the other hand, *colonato* was a mix remuneration

persisted for many years in Brazil and was characterized by asymmetric labor relations. The lack of labor laws to protect the colonos made them an easy target for exploitation (Medina 2012). The expansion of capitalism and industrialization of production¹³¹ contributed to rural exodus and changes in rural labor relations. In particular, increasing agricultural mechanization, changes in governments programs to regulate coffee financing and the workforce, and approval of the Federal Law 4.215/ 1963,¹³² that granted rural workers employment stability and compensation for job termination, led many coffee farmers to dissolve the *colonato* arrangements in favor of temporal, seasonal or permanent employment (Casagrande 1979).

Rural workers, accustomed to living on the farms, had to migrate to the cities' peripheries, losing land access for household consumption and relying on the *turmeiros* for access to rural employment and transportations. Many rural workers, known as *trabalhadores rurais volantes* or *bóias frias*, were forced to migrate to different agricultural regions to follow different commodities cycles. This new employment arrangement increase worker poverty, forcing them to live in a precarious, dangerous and unstable way of life (Medina 2012:4). Most Brazilian agricultural workers do not have formal employment contracts or receive legally mandated benefits.

Brazil has one of the highest levels of land concentration in the world (Lambais 2008; USAID 2011). The *latifúndio* patterns present today have its roots in uneven land distribution during the colonial period, and several laws¹³³ that established unequal land rights (Medeiros

system based on assignment or production, where the *colono* received a small salary and used part of the land to grow food for household consumption.

¹³¹ The intensive use of large scale technological innovations in the Brazilian export-oriented agriculture often entailed the employment of skilled labor over unskilled, greatly reducing the work opportunities of the latter (Resende 2005).

¹³² The Constitution of 1934 was the first to address labor law in the country, securing freedom of association, minimum wages, eight-hour workday, annual paid vacation, weekly rest, women and child labor protection, and wage equality (Brasil 1935). The Constitution of 1946 prioritized rural employment, envisioning agro industrial development and Federal Law 4.215/1963 was the first national legal landmark to exclusively address rural employment (Silva 2015).

¹³³ E.g. 1850 Land Law prohibited public land squatting.

2005). Brazil has not undergone significant land reforms to benefit the poor. Workers began to mobilize for land reforms in the 1960s, due to the continued rise of rural poverty and decline of labor conditions. To address the rural unrest, the state began the agrarian reform process under President João Goulart,¹³⁴ who was committed to a radical land reform effort to address land tenure issues (Lambais 2008).

In 1964 the national elite and the United States supported a military coup which installed a military regime that implemented moderate agrarian reforms to appease the rural uprising (Gaspar 2009). The Land Statute Law 4.504 regulated rural property rights and obligations to “gradually eliminate both small parcels (minifúndios) and large estates (latifúndios) to prevent social uprisings” (McKay et al. 2014:227). However, the military dictatorship established in 1964 prioritized large enterprise agricultural modernization¹³⁵ over land distribution (McKenna 2004), resulting in marginal land reform impacts. The peasantry and rural workers persistence and continuous mobilization transformed local landless movements into a national phenomenon, *Movimento Sem Terra* (MST),¹³⁶ which pressured the state to implement more radical agrarian reforms.

In 1985, with the end of the military dictatorship, the state passed the National Agrarian Reform Plan to expropriate idle and unproductive land¹³⁷ that did not serve a social function. (McKay et al. 2014). However, the state’s dependency on the rural elite’s political support delayed the land reforms and resulted in the MST’s social unrest and land occupy, which attracted further public attention to the movement’s concerns (Baletti et al. 2008; Medeiros 2007). While the MST’s

¹³⁴ Brazilian President between 1961-1964.

¹³⁵ The rapid agricultural modernization had adverse impacts on the rural landless farmers and workers who began to notoriously challenge the elite’s land concentration (Wolford 2006).

¹³⁶ The MST was established in 1984.

¹³⁷ “This legislation was actually part of the 1964 Land Statute and remained in the 1988 federal constitution; it continues to be enforced today” (McKay et al. 2014: 227).

polemic strategy and anti-cooptation mechanisms gained national visibility, pressuring the state to prioritize agrarian reform, it did not trigger significant land reforms like in some Latin American countries. The state-led approaches included idle or unproductive land expropriation, settlement on government-owned land, market-assisted land reform through subsidized loans for landless farm purchase, and indigenous and Agro-Brazilian communities tenure land regulation (USAID 2011:2).

Between 1995-2002, Cardoso's government implemented different market-led agrarian reforms, which were highly criticized for not directly benefiting the most vulnerable (Pereira 2003).¹³⁸ His successor,¹³⁹ while campaigning in favor of large-scale agrarian reform in the country, continued to prioritize agribusiness interests over rural workers and peasantry¹⁴⁰ (Barros 2018). This practice was particularly visible in the census, where large estates of 1,000 ha., which comprise only 1 percent of the total farm units, received 43 percent of the total agricultural financial expenditure (IBGE 2006).

6.4 Brazilian Labor Laws and Unions

Brazil has relatively strong labor laws and movements in comparison to other Latin-American countries. Brazilian labor legislation reflects historical patterns of state protection and control, favoring freedom of association, collective bargaining, and labor rights (Cook 2007). Since the Consolidation of Labor Laws in 1943, workers have been organized into voluntary professional category unions that are defined by geographic zones. These unions were financed by a tax that is equivalent to one-day's pay per year on all workers, regardless of union membership. However, the labor reform law 13.467/2017 approved by the Senate made the mandatory union

¹³⁸ See McKay et al. (2014) for more information about the market-led agrarian programs.

¹³⁹ Luiz Inácio Lula da Silva, Brazilian President between 2003-2010.

¹⁴⁰ Dilma Rousseff, Lula's successor in the presidency, also continued favoring the agribusiness sector.

tax voluntary¹⁴¹ (O Globo 2017). While unions still have the legal obligation to represent workers' interests (whether affiliated or not), they no longer have secured funding. Before this law, unions collected a little over one billion US dollars¹⁴² from mandatory union taxes in 2016 (Viegas 2017) from over 17,000 unions¹⁴³ (O Estado de São Paulo 2018). Within a six-month timespan from this law, the unions lost about 3,140 jobs (Castanho and Muzzolon 2018).

Historically, Brazilian labor laws increased workers' bargaining power through collective labor conventions extended to the entire sector, however it also created tensions for greater freedom of association and representation. While these tensions have been the center of the political labor reform debates in recent years, the Brazilian state was more successful in making reforms to the employment legislation that directly impacted individual workers than on collective labor law that regulates trade union relations in the country (Cook 2007).

Brazil's labor legislation framework from the 1930s and 1940s was characterized by state labor and social provisions, and control over "labor organizations through laws that set the terms of union organization and representation in ways that permitted a significant degree of state oversight and intervention" (Cook 2007:18). In general, the labor legislation benefited workers and provided financial security for unions and labor movements through state subsidies, but it also limited union competition and restricted representation. Historically, state intervention and oversight in labor affairs was quite common. However, partly in efforts to reduce such intervention and make capital-labor more autonomous, the state withheld involvement in union registry, internal union affairs, collective conflicts (Smith 1995), and recognized the right to strike in the 1988 Constitution (Cook 2007).

¹⁴¹ This research was conducted before the approval of this law.

¹⁴² Real converted to dollars using the U.S. Federal Reserve average annual exchange rate (2017: R\$ 3.19 = 1 Dollar).

¹⁴³ 70 percent represent the interests of workers and 30 percent of employers (O Estado de São Paulo 2018).

During the 1980s, the state expanded labor rights and promoted greater capital-labor autonomy. Labor rights eroded in the 1990s, a period marked by strained relations between unions and the Cardoso's government and numerous neoliberal economic and structural reforms (Oliveira 2016). The rise of unemployment, largely attributed to the neoliberal policies during the Cardoso government,¹⁴⁴ led the state to propose and pass many pro-flexibility reforms, seeking to restrict labor collective activities and to make employment relations flexible (Cook 2007). Under a job creation pretext, Cardoso carried out a labor reform that included fixed-term employment contract, hours bank, profit sharing and results of enterprises, and part-time work (Silverman 2011:3). In the past, the government sought to introduce a constitutional amendment to eliminate union tax and union structural organization, make working conditions more flexible,¹⁴⁵ end of tripartite structure of labor courts and restrict labor court's power,¹⁴⁶ however only the tripartite representation was passed at that time (Cook 2007). In the 2017 labor reform, the congress eliminated the union tax, as discussed above, and made labor-capital relations more flexible.

Beginning in 2003, Lula's government focused on tripartism and consensus processes to legally change labor relations, including collective labor laws (Cook 2007). The Brazilian union movement¹⁴⁷ endorsed Lula's presidential election in hope that it would reverse the state's neoliberal tendencies. Once in office, Lula¹⁴⁸ instituted the National Labor Forum (FNT)¹⁴⁹ in 2003 to formulate tripartite consensus for labor reforms (Silverman 2011), coordinating

¹⁴⁴ "The Cardoso government matched its economic policies with labor reforms intended to lower costs and to make employment and labor relations more flexible" (Cook 2007:84).

¹⁴⁵ In reference to Article 7, including wage, work shift and workday length, which would enable parties to make agreements to supersede the legislated working conditions (Cook 2007).

¹⁴⁶ Labor courts can make and apply laws. The amendment to restrict labor court's power remained stalled in congress (Cook 2007:89).

¹⁴⁷ Particularly CUT, Central Única dos Trabalhadores.

¹⁴⁸ The Workers' Party represented a national, popular and democratic project against neoliberalism and the capitalist hegemony. However, once in power, Lula's government made numerous concessions to capital, consolidating the neoliberal model in the country (Almeida 2007).

¹⁴⁹ Fórum Nacional do Trabalho.

negotiations between workers, employers and the state “to promote the democratization of labor relations through the adoption of a union organizational model based on liberty and autonomy.” (Almeida 2007:57). The FNT propositions were submitted to the national congress through a constitutional amendment (PEC 369/05) in 2005, while its content was intended as a social pact, it was formulated within capitalist economic growth tendencies (Druck 2006; Almeida 2007). The PEC 369 included the elimination of union *unicidade*,¹⁵⁰ establishment of collective bargaining contributions, union representation in the workplace and collective bargaining for public servants, and encouragement for labor resolution arbitration, among others (Camara dos Deputados 2013). However, the proposition institutes a new form of state regulation on unions,¹⁵¹ institutionalizing and nationalizing the latter under the apparatus and control of the former (Druck 2006). The lack of consensus between union representatives, coupled with the economic and political contexts of the time, largely contributed to the union reform’s loss of momentum and was still awaiting approval as this chapter was written.

Lula’s government was unable to significantly change the country’s collective labor legislation, but he did enable greater participation and involvement of this segment in the political labor reform agenda (Oliveira 2016). His successor Dilma Rousseff has encountered severe economic and political challenges that have curbed the government’s ability to pursue proposed labor reforms. During Dilma’s government, there has been an erosion of the labor rights previously secured. While Dilma continued Lula’s minimum wage appreciation policy, she did not approve

¹⁵⁰ The *unicidade* principle refers to union’s exclusive representation per professional category and geographic zone, regardless of union membership.

¹⁵¹ According to (Druck 2006), this new form of state control can be observed through the PEC 369 propositions that 1) establish a National Labor Relations Counsel constituted by state, workers and employers representatives appointed by the Labor and Employment Ministry (MTE), functioning under its supervision with the power to register, legalize and dissolve unions, regulating and controlling the principal aspects of union organizations; 2) replace of the union tax for a collective bargaining contribution administered by the state; and 3) establish strike regulation and penalties, including releasing employers to hire temporary workers to replace strikers to ensure minimum services to name a few.

other demands such as the reduction of working hours and the ratification of the ILO Convention 158 that prevents arbitrary dismissals (Silverman 2011). The 2015 economic and political crisis led the state to prioritize labor reform for economic growth recovery and minimized the role of unions (Jornal Nacional 2016). Labor reforms were passed in 2017 to curtail public spending.¹⁵²

6.5 Research Site: *Parati*

Founded in 1969, Parati is the world's largest coffee grower and at the forefront of the coffee sector's technological transformations. The Brazilian corporation is managed by a stockholder group, with 50.5 percent owned by national capital. Located in the state of Minas Gerais, the Fair Trade Certified farm is at approximately 2,900 feet above sea level, covering 6,101 hectares of farm area, with 3,443 hectares of this designated for coffee cultivation. The company has three main production farm units.¹⁵³ Farm 1 (headquarters), Farm 2 and Farm 3, represent 2,045 hectares, 2,239 hectares and 1,566 hectares with a coffee cultivation area of 1,531 hectares, 1,307 hectares and 605 hectares, respectively. In addition, 251 hectares are designated to biodiversity protection to comply with Brazilian environmental laws. The level of mechanization varies between farms: Farm 3 is the least mechanized due to steep hills and uneven grounds, relying mostly on labor-intensive production.

Parati has an average annual production of approximately 63,278¹⁵⁴ coffee bags¹⁵⁵ and sold four Fair Trade Certified coffee containers between 2012 and 2015. This coffee grower also has Rainforest Alliance, C.A.F.E Practices and UTZ certifications, mainly exporting to specialty

¹⁵² Changes in the public welfare system represent an annual public savings of approximately US\$ 6.4 billion (Martello 2014). Interviewed workers mentioned the changes in unemployment insurance as the most detrimental because rural workers often relied on it, and other severance benefits, for household sustenance and debt repayment.

¹⁵³ Farm 1 and Farm 2 are both located in the Alfenas municipality, and Farm 3 is located approximately 105 miles away at the Conceição do Rio Verde municipality.

¹⁵⁴ Based on the 2012/2013 harvest reported by management. However, in the 2015/2016 harvest, the farm reported 130,000 coffee bags production (Rocha 2016).

¹⁵⁵ 60kg of coffee per bag.

coffee markets in Europe, U.S. and Japan.¹⁵⁶ As a monoculture plantation, Parati employed a total of 1,278 rural workers in 2014: 524 permanent and 654 temporary workers. The farm operation consists of coffee production, cultivation, processing, sales and exports.

The rural workers at Parati live in Alfenas' adjacent cities and commute to the coffee fields. Most rural workers at Parati are from Campos do Meio, Campos Gerais and Conceição do Rio Verde cities located within one to two hours drive from the productive farm units. In comparison to Alfenas, where most of the management staff resides, these cities have lower public infrastructure and employment opportunities. Brazilian coffee farms frequently rely on intermediaries and labor contractors to address labor scarcity in agriculture. The Parati plantation often works with intermediaries (*turmeiros*) to recruit hired laborers who in return receive a commission for employed workers. Unlike labor contractors, the workers have a labor contract directly with Parati. In addition, Parati also hires a third-party city-farm transportation company to transport workers from their homes to the farm sites. In Parati, workers have a 44-hour weekly workload carried out Monday through Friday instead of Monday through Saturday because of worker-management negotiation. During workdays, workers have 1 hour for lunch and two fifteen-minute breaks. Although workers must remain on the farm until 5:00 p.m., they often finish working at 2:00-3:30 p.m. based on daily task completion. All participants indicated preference for the completion of daily goals since they do not work the entire work shift. Some of the reasons provided by workers and management include potential heat exhaustion, heat stroke or dehydration since coffee is produced in open fields with no shade, muscular fatigue, availability of employment in nearby cities or plantations, laziness, culture, strike fears and scarcity of rural labor supply, to name a few. Many interviewees complained about the wait time at the end of shifts. While workers

¹⁵⁶ 80 percent of the coffee production is sold internationally. The remaining production, generally of inferior quality, is sold in the internal market.

want to go home after completing the daily tasks, management keeps workers until 5:00 p.m. because they fear workers will then want to work even less or eventually demand lower productive quotas to leave earlier. While workers are compensated for the wait time, they often complain of boredom. Some participants suggested to invest some of the Fair Trade Premium money in training opportunities while they wait for the farm transportation. The same arrangement is not applicable during the harvest since compensation is based on individual productivity.

In comparison to nearby farms, Parati offers good infrastructural labor conditions, including portable bathrooms throughout the fields, in addition to restrooms with showers and commodes, infirmaries (3), training rooms (3), eating areas (20 in the fields and 3 in the headquarters), agrochemical storage (3 fixed and 7 mobile) and safety equipment, to name a few. In 2014, Parati recorded 31 work injuries related to finger injuries and amputation, and uneven ground injuries, but no injuries related to agrochemical incidents. In contrast to the majority of Brazilian agricultural workers,¹⁵⁷ all Parati plantation workers have permanent or seasonal contracts with the company and receive employment benefits stipulated by law.

Workers at Parati are represented through a local labor union called *Sindicato dos Empregados Rurais do Município de Alfenas (Sindicato de Alfenas)*. This union was founded in 1972 and it is responsible for workers' collective bargaining at Parati for coffee units at Farm 1 and 2. Since Farm 3 is in another municipality, there is a different labor union for that jurisdiction. Historically, any collective bargaining agreement signed between Alfenas' labor union and Parati has been accepted by the labor union in Farm 3, thus all farm workers have received the same benefits at the three locations.

¹⁵⁷ Trabalhadores rurais volantes are unregistered.

Workers were concerned that they lack the individual labor rights to join a workers' organization of their own choosing. Parati workers are, by law, represented by the local union, but none of the interviewed workers were active in Alfenas Union meetings and other activities since they reside far away. Fair Trade USA standards do not require the establishment of unions or workers' organizations to be certified. However, the plantations must recognize "in writing (and make known to workers), and in practice, the right of all employees to establish or join an independent workers' organization of their own choosing that is free from interference of the employer, and the right to collective bargaining" (Fair Trade USA 2014:102). Participants stated discontent with the Alfenas Union's ability to advocate for their interests and to secure their rights, demanding greater freedom of association, termination of union membership and mandatory union tax deductions.

The lack of workers' union engagement and participation does not only contribute to the perception of unions as ineffective entities, but it also hinders workers' ability to acquire negotiation and collective/individual bargaining skills to advocate for their interests. Almost all of the interviewees, reported discontent with the union's ability to secure higher wages and many of them believe that the labor union does not make a difference after all.¹⁵⁸ However, the findings indicate that without the union's presence, workers' wages could have been much lower, which will be discussed later. In other words, workers often failed to acknowledge that their labor conditions could potentially worsen without the unions. Apart from unions, workers did not form other types of collective organizations to negotiate and represent workers' demands. To some extent, this results from the Brazilian labor legislation that stipulates collective organization and representation, but it is also evident that these workers lack political mobilization and articulation

¹⁵⁸ This is related to the reduction of workers' wages over the years.

to negotiate with management. The historical presence of unions and workers' reliance on them for collective bargaining have to some extent hindered workers' abilities to collectively organize.

Relations between Parati and the Alfenas Union are unsettled, mainly due to the company's unwillingness to renew the collective bargaining agreement that ended in 2013. The Alfenas Union and Parati have held collective bargaining agreements since 2006. Under the collective bargaining agreement in 2011, farm workers' compensation was set at the national minimum wage plus a 16.7 percent wage increase. In 2011, Parati's base wage was R\$ 630; R\$ 540 national minimum wage + 16.7 percent wage increase. In 2012, and upsetting the Alfenas Union in the process, Parati renewed the collective bargaining agreement but reduced worker's compensation to the national minimum wage plus only a 12.6 percent wage increase. Once this collective bargaining agreement expired in 2013, Parati did not renew it to adopt the municipal collective labor convention instead.

In Brazil, municipal collective labor conventions are mandatory and acts as a legal agreement between the municipal employer and employee trade unions to stipulate labor conditions for a particular labor category. On the other hand, collective bargaining agreements are not mandatory and directly negotiated between a local trade union and a producer. If the producer decides not to have a collective bargaining agreement, by law, the farm must adopt the terms stipulated in the municipal collective labor convention. The main problem is that the wages stipulated by the municipal collective labor convention are generally lower than the wages stipulated under the collective bargaining agreements. In 2014, the collective labor convention established the wage floor at the national minimum wage plus 8.5 percent wage increase. Under the collective labor convention, Parati was paying a higher wage floor of the national minimum wage plus 10.6 percent wage increase. However, the overall workers' wages have decreased

overtime. In 2015, the percentage wage increase was reduced to 9.3 percent from 16.7 percent in 2011. In nominal terms, it means that the wage floor was R\$ 861 instead of R\$919.¹⁵⁹

Although workers' overall wages have decreased over time, Parati still provides a wage floor higher than the national minimum wage stipulated by the municipal collective labor convention. Fair Trade USA standards state that wages must meet or exceed sector regulation standards, collective bargaining agreements already in place, the regional average minimum wage, and official minimum wages for similar occupations (Fair Trade USA 2014:61). According to the union representative, Parati adopted the municipal collective labor convention instead of the agreement to reduce its labor cost. Management indicated financial challenges to maintain wages stipulated under the collective bargaining agreement. However, the company recently requested the union's demands in preparation for the collective bargaining agreement meeting in January 2016, signaling potential negotiations towards a collective bargaining agreement. In summary, workers' real wages have steadily declined over the years in Parati, however there are strong indications to suggest that the wage floor Parati provides, which is above the collective labor convention and minimum wage today, is attributed to the union's presence and continuous negotiation.

6.6 Fair Trade USA Committee, Premium Investment and Other Social Initiatives

As required by Fair Trade USA standards, the Parati plantation has a Fair Trade Committee that is charged with managing the Fair Trade Premium. The Fair Trade Committee has ten members, where seven of them (two females and five males) are farm workers democratically elected proportionally representing the workforce and three are appointed management team members. Two additional management attendees act in a support/guest capacity role. Until

¹⁵⁹ This is the amount workers would receive in 2015 if Parati had maintained the same percentage of wage increase negotiated in 2011.

recently, the Fair Trade Committee met regularly on a monthly basis as required. However Fair Trade USA has changed its standards to only require these committee meetings at least once per quarter. The meetings are held on plantation grounds at Farm 1 during paid working hours.

The Fair Trade Committee has written internal procedures that define the objectives, functioning, composition and procedures of the association.¹⁶⁰ Following Fair Trade USA guidelines, this committee manages the Fair Trade Premium and implements the projects selected by workers. The current committee was elected in 2012 for a two-year term with a two-year renewal.¹⁶¹ Members are replaced on a need basis when the term is not terminated.¹⁶²

For the first Fair Trade Premium investment, the workers' representatives individually contacted workers about project ideas on each farm unit. Five suggestions were brought to the Fair Trade Committee for discussion: 1) basic grocery basket,¹⁶³ 2) construction of a children's playground, 3) partnership with community clubs, 4) computer courses and 5) increased access to a children's day care center. Taking into consideration workers' demands and the Premium amount received, the Fair Trade Committee prioritized greater access to day care services as suggested mainly by female workers, particularly during harvest as a pressing immediate need and the computer courses. Aside from managing the Fair Trade Premium, the representatives are also responsible for pursuing the course of action and implementation decisions made by the

¹⁶⁰ The association is called "*Associação de Promoção Socioambiental Triângulo de Minas*" founded in 2012.

¹⁶¹ On November 10 2015, a Fair Trade Committee election took place to select the new committee representatives that came effective on February 2, 2016.

¹⁶² In February 2015, three female candidates, ran to become a Fair Trade Committee worker representative to replace another one who left the farm. Prior to the election, the candidates had the opportunity to talk to the other workers about their candidacy while performing their daily duties and the management team made bulletin board pamphlets with information about each candidate. The election took place early morning after workers' arrival and followed democratic procedures. Management explained the election process before giving each worker a ballot to be marked and placed on a wooden locked box. The vote counting system occurred soon after in the presence of two administrative staff members and a worker.

¹⁶³ Called *cesta básica* in Portuguese, the basket contains a minimum essential ration of about 11 staple food items.

committee. The Fair Trade Premium was used to remodel and expand a local day care center¹⁶⁴ called “Creche Lar de Maria” located at Conceição do Rio Verde, increasing its capacity from 103 to 153 openings, of which 20 were exclusively for Parati workers. The first Fair Trade Premium was also used to provide a computer course for workers at Farm 3, with 37 workers signing up for the Saturday course. After securing day care access, the remaining Fair Trade Premium was not enough to provide classes for all 37 workers. To avoid establishing a selection criteria and acknowledging the importance of the course for workers, management decided to fund, via the Parati Institute, the participation of 13 workers not covered by the Fair Trade Premium.

Parati received the second Fair Trade Premium in the first quarter of 2015 from the sale of two Fair Trade Certified coffee containers. At the time of this research, the Fair Trade Committee had just held the first General Assembly¹⁶⁵ in February to inform workers how the first Fair Trade Premium was used, the financial budget and to ask for project suggestions. The second Premium was used, the financial budget and to ask for project suggestions. The second Premium was invested at the São Vicente de Paula hospital in Campos Gerais to purchase x-ray equipment as suggested in the General Assembly. For the remaining Premium funds, workers voted¹⁶⁶ in October for the purchase of backpacks for workers in the three farm units.

Prior to becoming a Fair Trade Certified company, Parati has long indicated commitment to socio-environmental causes through community initiatives carried out by the Parati Institute founded in 2000, directly benefiting workers and their family members. In 2014, the Parati Institute invested approximately US\$89,757.00¹⁶⁷ in informal educational programs, community projects

¹⁶⁴ Workers’ representatives first suggested establishing an onsite day care center, but management indicated economic and logistic challenges and liability issues with this option, suggesting instead to work with a local daycare center.

¹⁶⁵ When Parati became certified, management held general meetings at the three farm locations to inform workers about the Fair Trade USA certification. For the Fair Trade auditors, these meetings were not considered General Assemblies because they did not have the proper elements and documentation needed.

¹⁶⁶ In addition to the X-Ray equipment, workers suggested in the General Assembly the purchase of long-sleeve shirts, backpacks and investment in technical courses. In October, workers were asked to vote via paper ballot among the three options.

¹⁶⁷ Real converted to dollars using the US Federal Reserve average annual exchange rate (2015: R\$ 3.34 = 1 Dollar).

and donations. About 75 percent of this budget is designated to the “Education in Action” program that assists children between 7 and 14 years of age with physical and pedagogical extra-curricular activities, and psychological assistance year-round. The remaining budget funded other programs such as assistance to patients, drug-addiction rehabilitation and shelters, to name a few.

In terms of the Fair Trade USA Committee composition, investment and management of the Fair Trade Premium, the research results provide theoretical and practical insights for further discussion about the certification impacts. The Fair Trade Committee complies with the Fair Trade USA standards in its representation and composition, however the standard application in the certified farm sheds light on questions about the committee eligibility criteria and the Fair Trade Premium beneficiaries, which will be discussed in the following chapter.

In the first Premium, the Committee decided to invest in projects to benefit the collective instead of individual assistance such as personal loans or household appliance acquisitions like in other Fair Trade Certified farms.¹⁶⁸ The Committee concluded that the Premium received was insufficient to address the workers’ individual needs and thus better used in collective projects for greater impact. Initially, after compiling workers’ Premium investment requests, the Fair Trade Committee voted on the projects that would be financed. However, on the second Premium, the Fair Trade USA stated that the final investment decision should be voted on by the General Assemblies rather than in the Fair Trade Committee. While expanding the decision-making to workers seemed at first fruitful and more inclusive, the array of professional categories involved in this process generates challenges to create consensus to determine how the Premium investment contributes most to workers’ empowerment, well-being and social change processes. Although

¹⁶⁸ The first Fair Trade Certified farm (which is not part of this research) invested part of the Premium to purchase household appliances for workers. In the Nicaraguan certified farm, part of the Fair Trade Premium was used for seed purchase and household improvements through loans.

making the limited Premium received benefit the workforce the size of Parati has its own challenges, it is evident that the diverse needs and desires grounded on different social and economic positions contribute to favoring individual interests instead of collective projects. In other words, each professional category brings to the table particular perspectives of how the Premium should be utilized and these diverging viewpoints conceivably hinder workers' consensus and unification.

Aside from changes in the Fair Trade Committee's role, the Fair Trade Premium promoted worker's well-being. The day-care center and hospital investments directly benefited workers and local communities. However, although collective in nature, the latter project (x-ray machine purchase) raises the question of whether the Fair Trade Premium is subsidizing existing public services juridically guaranteed. This topic will be expanded in chapter 8.

Lastly, while Parati has substantially invested in community programs, the Fair Trade Premium should not be viewed as a redundant social initiative. Workers do not have asset ownership, nor are they able to manage the Parati Institute funds according to their needs. While the Premium is more effective in empowering workers and benefiting community members, the amount received from the sale of four Fair Trade Certified coffee containers in three years is not sufficient to make a considerable impact in a coffee company like Parati. The certified farm needs to sell more than two Fair Trade Certified coffee containers per year to make a more significant impact on hired labor and to offset the direct and indirect costs of the certification. Management indicated commercialization challenges to sell certified coffee and to attract additional buyers, potentially jeopardizing the future of the certification at Parati.

6.7 Workers' Awareness and Knowledge of the Fair Trade USA Certification

Many interviewed workers, except those working at Farm 3, were unaware of the Fair Trade USA certification. The ones who had heard of it could not articulate its purpose aside from acknowledging that it is one of many certifications in the company. The workers' varied certification awareness among farm units can be explained by where the Fair Trade Premium was invested, the lack of additional Fair Trade Premium funds and the absence of General Assemblies.

The first Fair Trade Premium¹⁶⁹ was invested at Farm 3 because of workers' immediate needs, which generated conversations and visibility among the workers, increasing their awareness and knowledge of the certification in Farm 3. The lack of additional Fair Trade Premium investment in the other locations contributed to workers' lack of awareness of the Fair Trade USA certification. Although management informed workers about the certification's purpose through an initial general meeting, pamphlets, monthly newsletters and personal communication with workers' representatives, it became evident that the actual engagement of workers in the fair trade activities and periodic conversations greatly enhanced their understanding beyond the initial certification acknowledgement in meaning interpretation and articulation. For example, when inquired about the Fair Trade USA certification at Farm 2, participants often referred to the recent worker's representative election and information given by management and the candidates. Workers' active participation in the fair trade processes enabled them to better understand the certification and its benefits. In addition, Parati was not originally holding General Assemblies as required by Fair Trade USA standards due to a procedure misunderstanding.¹⁷⁰ It is expected that

¹⁶⁹ At the time of the qualitative data collection, Parati had only received and invested the equivalent Premium from the sale of two Fair Trade Certified coffee containers, approximately US\$ 16,000.

¹⁷⁰ Once notified in 2015, the farm promptly scheduled General Assemblies at each location to inform workers about Fair Trade Premium income, expenditure, and project ideas for the next Fair Trade Premium.

workers' certification knowledge will increase as Parati holds General Assembly meetings, and secures and invests additional Fair Trade Premiums in other farm locations.

6.8 Immediate Changes with the Fair Trade USA Certification

Parati holds multiple coffee certifications, being the first UTZ certified company in the country and one of the largest worldwide suppliers of Rainforest Alliance coffee. Although knowledgeable of certification procedures, standards and audits, Parati hired BSD Consulting in 2012 to evaluate existing farm conditions to see if they complied with Fair Trade USA certification standards and to provide initial training about the purpose and composition of the Fair Trade Committee. Parati did not have to make any significant changes to become Fair Trade Certified, meeting almost all environmental stewardship and social responsibility requirements. According to the management team, the only significant compliance change was the establishment and management of the Fair Trade Committee and Premium, which demanded significant management attention and resources, particularly with a large dispersed workforce. When asked about the farm's motive to be certified, management often referred to its *Coffee Solution Provider* logo, indicating strong economic reasoning in terms of producer flexibility and market share expansion as decisive factors to acquire and continue with the Fair Trade USA certification. For management, the social standards of Fair Trade USA certification reinforce the existing social and community commitment the company carried out with the Parati Institute. Although committed to social causes, the Parati Institute and Fair Trade USA certification have different purposes, and the company prioritization of economic interests can potentially present empowerment challenges if the company decides to leave the certification. In this context, the empowerment processes are contingent on management's approval and oversight, which can restrict empowerment outcomes, workers' agency and changes in power relations.

6.9 Worker Empowerment

6.9.1 Individual Level

Workers' participation in decision-making processes is mainly restricted to how the Fair Trade Premium is invested. Some participants mentioned involvement in the Accident Prevention Internal Committee¹⁷¹ (CIPA) to observe and report risk conditions in the workplace, request measures to reduce and eliminate the risks and formulate risk prevention strategies. Many participants stated that they do not approach management or direct supervisors for work complaints, however a few of them indicated a willingness to voice their opinions directly when needed, while others felt more secure informing the CIPA workers' representatives about work related issues. A CIPA workers' representative stated that he is not afraid to present workers' labor issues because of greater job security¹⁷² to expose and discuss pertinent work issues.

All interviewed workers indicated that they have, at some point, participated in trainings and some workers mentioned that Parati greatly emphasizes health and occupational safety training to handle hazard products and usage of safety equipment.¹⁷³ Although the company offers many job category training sessions,¹⁷⁴ many participants stated the desire to receive capacity enhancement trainings readily transferable to other job positions. In other words, they showed interest in learning new skills that would either enable upward mobility in the farm or greater chances to acquire a different job outside the farm. In terms of knowledge, many participants had a good understanding about the day-to-day operations of the farm, workers' rights and some knowledge about the coffee market.

¹⁷¹ Constituted of management and workers' representatives with the support of Specialized Safety Engineering and Occupational Medicine (SESMT).

¹⁷² By law, the CIPA representatives cannot be fired for two years.

¹⁷³ The failure to comply with the safety requirements and procedures are likely to result in disciplinary action.

¹⁷⁴ Approximately over 30 different types of trainings.

In relation to the labor conditions, the Parati farm is viewed as having the best practices in the Brazilian coffee industry, adhering to labor obligations, professional trainings and work safety requirements. At the individual level, interviewees indicated significant agency, autonomy, capacity of expression, and access and control of resources. However, these are largely attributed to the farm policies and organization, national labor regulation and contextual factors, not to the Fair Trade USA certification. Fair Trade USA certification enabled workers' participation and decision-making involvement in the Premium investment. Yet, the findings indicate marginal certification impacts in bolstering workers' empowerment at the individual level, due mainly to low Premiums, and lack of workers' engagement and unity, certification awareness, purposive empowerment interventions and trainings. It is important to note that while the Premium has provided greater resource access to workers, its availability is not necessarily an indication of empowerment.

6.9.2 Relational Level

According to the Fair Trade Committee workers' representatives, the Premium management greatly enhanced their relations with management as they now have direct management access to discuss workers' requests and voice their opinions. The Fair Trade Premium process has also brought benefits to workers beyond the certification. When asked for Premium project ideas, most workers identified the need for monthly basic grocery baskets to reduce food expenses. Although food baskets were not funded with the Fair Trade Premium, Parati decided to purchase food baskets for all workers who meet established criteria.¹⁷⁵ In this aspect, the Fair Trade USA requirements provided an effective two-way communication channel between workers and

¹⁷⁵ Workers who receive less than R\$3,000 per month with no unexcused absence and only one medical absence in the prior month, no written warnings and meeting minimum productivity standards. Some participants complained about the strict requirements and stated that the company should provide this benefit regardless to complement their low wages.

management. Almost all participants indicated satisfaction with the grocery baskets, however many of them¹⁷⁶ believe that it is part of the Fair Trade USA certification since the idea was raised during the first Premium consultation.

Although the Fair Trade Committee enabled greater management-worker interaction than previously, only the worker's representatives have direct management access. When asked about management-worker relations, many participants stated marginal contact or dialogue and some complained that the workers are not consulted about decision-making that directly impacts them. Since Parati is a company run by a board of directors responsible for most of the company's decisions, management is limited in its decision-making ability. The unilateral approach workers' experienced is more related to the company's structure and decision-making procedures than to the management team itself, which is a common characteristic of estates. Another contributing factor is the distance between farm units, inhibiting management contact and visibility. In addition, workers' fears to approach management also contributes to the lack of communication. Although most participants stated that the relationship between management-worker was almost nonexistent, they indicated dissatisfaction with their local supervisors. The main complaint was the lack of respect¹⁷⁷ and supervisory skills when providing performance feedback, generating sentiments of fear and disempowerment. Lastly, the relation among workers was quite surprising, as participants overwhelmingly complained about the absence of unity and respect. The competition between workers was a significant source of disempowerment, ranging from gossip, jealousy, and formal complaints to management. One participant illustrated:

I used to work with the girls in the field and they [management] put me on the cleaning [service] at that time, the girls were jealous and they complained that I had a better job than the others...the girls

¹⁷⁶ The ones who have heard about the Fair Trade USA certification.

¹⁷⁷ In reference to some direct supervisors.

were mad and did not talk to me ...[because of this confusion] management fired the three of us...then after a long time they hired me back...they only let me go because if they let one go they had to let the other one go, otherwise it would have caused more conflict (Interview 5.3).

Participants presented different challenges as farm workers, but none of them stated labor law violations. In fact, almost all participants said that Parati had a good employer reputation in the area and many of them, in spite of the challenges, prefer to work at Parati because they have health care benefits, safe work conditions, punctual salary payment or social security compliance.

6.9.3 Collective Level

At the collective level, all interviewees reported that they do not participate in union meetings or in negotiation events. While there is not a workers' organization in the farm units, the findings indicate that the Fair Trade Committee provides workers institutional discussion space to voice their needs and opinions. Collectively, workers themselves have little bargaining power. While unions negotiate in the name of workers, the lack of worker's participation and involvement in the negotiation processes hinders the development of workers' skills to become empowered. Indeed, some participants indicated moments in which they confronted their supervisors and attempted to negotiate salary increases or other issues, however all the examples given were at the individual rather than at the collective level. Participants said that it was hard to convince workers to organize collectively to approach management due to persecution or job termination fears. Although workers might initially agree to speak with their supervisors collectively, participants indicated follow through challenges. One participant stated his disappointment with his colleagues:

In the beginning of the year in January, we had a raise of R\$68...but we also had a bonus of R\$50 if we did not miss a day of work in the month [for this particular job category]...they [management] stopped giving us the bonus...so my raise was only R\$18...I talked to the other workers [in this job category] and they said that the same thing happened to them...then we went to talk to our boss

[local supervisor] about this. I said to him that we did not agree with this and that we needed to talk...[after talking for a while about it] I still said that I did not agree...he looked at me and said that 'the company has its doors open, if you are not satisfied you can look for another place.' He did not fire me but if we were united and said that we do not agree that would be a different story because it would not look as if it was just me...no one said anything...[Later this worker approached management at Farm 1 to express his views on the matter and they ended up reinstating the R\$50 difference for the entire job category] (Interview 5).

Fair Trade USA certification can potentially assist workers to become more empowered through worker participation in selecting the representatives of the Fair Trade Committee and involvement in identifying possible projects. Workers viewed the Premium as an important solution to address the needs of workers' communities, particularly where there is not a Parati Institute branch.¹⁷⁸

For me, fair trade was really good because it is benefiting many people...it is helping a lot of workers...we did not have this help here. I live in Campos do Meio so how am I going to take the children to Alfenas to participate in the Parati Institute? (Interview 3).

The research results demonstrate that while Fair Trade USA certification contributes to workers' well-being, it does not necessarily mean that workers are empowered or that this process occurs evenly. In fact, workers' Fair Trade Premium involvement and participation have not been substantial enough to suggest collective workers' empowerment. There are indications that workers' representatives have benefited more in terms of empowerment than other workers. By participating in fair trade meetings with management, the representatives are exposed to management's perspectives, and better learn how to communicate and negotiate with them. The representatives are responsible to represent workers and to engage in critical dialogues to reach

¹⁷⁸ The Parati Institute is located at Alfenas with a branch at Conceição do Rio Verde.

consensus.¹⁷⁹ They are also involved in implementation, serving as liaisons to establish local partnerships in communities for the Fair Trade Premium investment. These processes enhance and strengthen their interpersonal communication skills and capacity building, which is transferable to other situations. Moreover, they have received additional fair trade trainings and participated in cross-cultural fair trade events in Uberlandia, Brazil and Seattle, USA. The participants who attended these events expressed life-changing experiences as they learned about other cultures, differences in coffee cultivation and management styles, while recognizing the distinct challenges and common needs with the other farm workers. In addition, the proximity to management also provided greater confidence to approach management to discuss issues and needs.

6.9.4 Workers' Definition of Empowerment

Workers defined empowerment as: the capacity to express one's opinion without fear, to have autonomy to do things with confidence, to have the power to choose and control one's own life situation, to make their own decisions, and to have courage to confront people when not treated properly. This empowerment definition is centered on the individual's capabilities as impetus for change. While most participants focused on personal empowerment, others viewed individual and organizational empowerment as interconnected. Here, they used the words power, unity and leadership with the following explanation:

What does it matter to have power and not have the people to back you up?...for example, we are here in 6 so then the leadership goes there to talk [with management], but only four goes together. Where is the unity? If everyone does not go, the ones who went are going to be marked...this is bad because you can lose your job... (Interview 6.6).

¹⁷⁹ Although originally the Fair Trade Committee voted on workers' project options, workers now select how to invest the Premium through ballot vote.

Participants said that they were more likely to complain or negotiate with management if they were certain that their colleagues would support them. Some participants mentioned that courage and confidence are often acquired when workers collectively approach management to reduce any fear of possible retaliation or misrepresentation. On the other hand, some workers stated the benefits derived from individual empowerment at work as an inspirational source to become empowered, following the same footsteps. A participant stated:

If you are in need and the other is in need...then one asks [management] and gets it, then he goes pulling the neighbor [to also ask management] (Interview 7.3).

Participants recognize the relational aspect of empowerment where people are empowered or disempowered in relation to others with whom they interact; a process of power struggles that can potentially constrain the choices of others. A number of participants mentioned the word respect towards others' opinions and will. For them, there are limitations to one's ability to act and it must be mutually respected. From this perspective, workers are not only holding themselves accountable but also their peers and supervisors. It is important to note that most participants talked about holding themselves accountable for their actions more often than their supervisors. This *institutional* accountability is mainly in the interaction realm, rather than lack of access and resource distribution accountability. One participant stated that he wished his supervisor would trust him and respect his limitations when given a task:

If [the supervisor] tells me to go up there and take a quantity of fertilizer...I will do it. He gave [orders] for me to do it, he needs to trust in what I do. [He] does not need to go there and check...if [he] gave me [the orders it is because] I am capable of doing it...without fear of being criticized. [He] has to trust in what he told me to do and also respect my limits. [For example], if he says to take 8-10 bags of fertilizer...I will take it there...but when I reach there, he says for me to take one of these bags and pour it myself in the coffee field...how will I do that? One bag weights 1000 kgs...I cannot do it alone... (Interview 6.3).

While this was the participant's hypothetical example for argument illustration, trust issues and respect to worker's limitations are not out of the ordinary. Some participants said that they have been given excessive work and experienced too much pressure to complete particular tasks to meet management's goals. Participants also indicated the multidimensionality of empowerment in which individual experiences are interwoven and bound to different spheres of social life affected by social context. In other words, individuals with strong decision-making power in the household may not necessarily have the same power or agency in the workplace, as they can vary independently of one another. Many participants stated that they fear to speak-up at work because they are afraid to be fired, but outside they are not afraid to voice their opinions and thoughts. For example:

I do not complain to my supervisor because some things are not worth it...if you complain too much they [management] will let you go...I do everything that they ask of me and do not complain. (Interview 5.1).

Who takes the worse end of the bargain is the person who complains...at work we need to avoid a lot of things...have wisdom ...but at home I say what I think and make the most of the decisions... (Interview 5.3).

Although participants stated that they are compelled to follow a hierarchy when making complaints and that their direct supervisors do not always pass on the issue to higher-level management (nor do anything about it), the majority stated that management is flexible and willing to make arrangements when having to miss a work day, for example. Lastly, unlike scholarly definitions of empowerment, the workers' definition does not address access and expansion of assets. Participants do not seem to identify the linkages between empowerment, and resource access and distribution. Workers' lack of awareness of how resources and empowerment are connected and interwoven can significantly impede its realization.

6.9.5 Empowerment Challenges and Opportunities Identified by Workers

Most participants mentioned that they felt disempowered when reprimanded in public, providing little respect and space for justification. As one participant illustrated:

...I just finished making coffee and he [the boss] drank it...then he had the courage to call me and tell me that my coffee was terrible and I was not even able to explain myself...I cried because it was in front of important people...because I could not explain myself I just cried... (Interview 7.2).

Aside from feeling disempowered due to the supervisor's lack of respect during performance feedback, participants indicated that many of their disempowerment feelings originated from their peers who constantly ridicule and harass them when reprimanded in public. Some participants gave examples of empowerment when they asked their supervisor for a salary increase and stated that the financial necessity gave them the courage and confidence needed. Moreover, workers are more likely to ask management for a raise or voice their opinions when they do not fear for their jobs. In reference to empowerment, workers identified when management gave positive job performance recognition, ability to secure permanent employment in the farm and advocacy as important empowerment sources. Lastly, several participants gave an example in which they felt both empowered and disempowered at multiple occasions in the same situation, showing that empowerment is not a linear or static process, but rather continuous struggles for power to enable the exercise of one's desires.

6.9.6 Workers' Pathway to Empowerment

With one exception, no worker saw themselves as agricultural small property owners in the future. Brazilian workers do not see much future in agriculture and have actively prevented their children from following their same footsteps. Most rural field employees are over 30. Many participants said that they would like to become homeowners and see rural work as the means to achieve this goal. On the other hand, current homeowners mentioned financial struggles as rural

workers to build their homes. Most participants, and almost all young female workers, mentioned their desire to access higher education or specialized courses¹⁸⁰ as the pathway to empowerment and improved life conditions. Workers' desires ranged from acquiring a driver's license, to opening a restaurant, a hair salon, or becoming truck drivers. While workers did not address resource access and distribution in their empowerment/disempowerment examples, with the exception of income increase, their empowerment pathway was mainly built on the access and expansion of assets.

6.10 Gender Relations, Equity and Women's Empowerment

In this Brazilian Fair Trade Certified company, male and female workers receive equal pay and employment benefits as stipulated by the national legislation. Although this farm does not have any written gender discrimination policies, there is an unconscious bias preference towards male workers. This is visible in employment interactions, selection and placement. Female workers are generally segregated into female dominant positions such as custodial staff,¹⁸¹ nurses, and cooks. According to management in the coffee field, females account for less than 3 percent¹⁸² of the total coffee labor workforce. Although women performed similar non-mechanized tasks as men, they are often placed in seedling handling and coffee irrigation tasks because of the assumption that women have delicate hands and thus able to more carefully handle plants than men. At the time of this research, there were no women carrying out machinery operations¹⁸³ or pesticides application tasks.

¹⁸⁰ Such as computer courses for example.

¹⁸¹ Although there are a couple of custodial male staff members, they are responsible for sweeping patios and common areas while female staff are in charge of bathroom cleaning.

¹⁸² Estimation provided by management. At the time of this research, the Brazilian Fair Trade Certified farm did not track the number of workers by gender.

¹⁸³ Female participants reported that they do not think women are capable of operating the coffee harvesting machine.

The concentration of women in female dominant positions and the lack of women in the coffee fields are mainly attributed to gender-biased recruitment and placement, and self-selection bias. Although recruitment preference towards men are not openly discussed or endorsed by management, most participants stated the lack of inclination to hire female workers for coffee field labor. Once hired, female workers are commonly placed in female positions. While some participants could not explain the gender employment selection discrepancy, others stated the hiring staff's preference for male workers because of superior labor performance in the coffee fields. When asked about employment gender disparity, female workers provided justifications based on male biological superiority while acknowledging women's employment interest and ability to perform the same tasks as men.¹⁸⁴ Management could not explain the limited number of female workers in the coffee fields in comparison to men. The problem does not seem to be the absence of female applicants as many participants indicated that they have been asked by other female candidates about job opportunities (including field work) in this farm. Some participants provided accounts of unsuccessful employment attempts by female applicants. Even though management denied any hiring guidelines or policy that benefit men over women, they admit potential individual gender biases in recruitment and placement.¹⁸⁵ It seems that individual gender bias is more predominant during off season than during harvest because of the increased need of coffee workers and the positive perception of women as effective coffee pickers.¹⁸⁶ In terms of employment termination, although female workers are aware of the gender employment disparity,

¹⁸⁴ In many occurrences, while female workers believe that women can perform the same tasks as men, they emphasized that women and men are distinct (e.g. women are more delicate, men have higher body strength, etc.)

¹⁸⁵ Ridgeway (1997:225), talked about the challenges to avoid gender bias in the hiring process as interaction evokes sex categorization, inevitably creating gender inequality into workplace relations.

¹⁸⁶ Although women are not perceived as fast workers, they are viewed as excellent employees for delicate tasks that demand greater hand abilities and attention. Some coffee farmers prefer female workers because they are more effective in separating the mature coffee grain when picking coffee by hand, increasing the overall coffee quality. Similar patterns are observed in the horticultural production (see Dolan 2004).

they attributed work termination to performance and absence issues rather than on gender discrimination.

The second explanation for the women's concentration in female-dominant positions is self-selection bias. To a degree, the female predominance in particular positions is a reflection of Brazilian gender patterns. Brazilian women are socialized and acculturated to perform cleaning, cooking, childrearing and elder care tasks. There is a shared belief among management and workers that women are better at female tasks, this influences gender hiring tendencies and shapes female applicants' preferences for female tasks. Although this shared gendered assumption embedded in gender cultural norms is mutually reinforcing, it is often unrecognized by employers and employees, reinforcing workplace gender inequality. Even though the women's preference was for feminized positions, the intersection of gender and labor market often result in the acceptance of gender neutral or male-dominant positions. However once hired, the common trend is for female workers to eventually transition to female-dominant positions over time. It is important to note that some women still prefer to work in the coffee fields because it is based on assigned tasks instead of the regular daily work shift.¹⁸⁷ It seems that women tend to reject gender norms when they perceive potential labor benefits.

Contextually, other relevant factors that may explain the gender inequality in the workforce composition is the availability of jobs in the nearby town and the workers' compensation.¹⁸⁸ Many male participants stated that their spouse held city employment.¹⁸⁹ When asked whether the spouses would like to work in the coffee farm, many male participants said no because it is more

¹⁸⁷ Workers in the field generally complete the daily production tasks by 2:30 pm. Another female participant said that she prefers to work at the farm since city jobs often times require weekend hours.

¹⁸⁸ During off season and harvest. Although field workers stop working earlier, they need to remain in the farm until 5:30 pm when the company buses arrive.

¹⁸⁹ The female custodial staff participants indicated preference for city employment beyond housekeeping as they currently performed cleaning duties in the coffee farm. The reasoning is unclear but it seems that it might be related to this profession's reputation and expectation in the country as they indicated housekeepers work more but earn less.

labor-intensive work carried out in strenuous conditions.¹⁹⁰ Female employees who are not field workers shared the same view. Male workers also believe that city employment is more *suitable* for females than farm work and female participants believe that it is easier for males to find employment in coffee fields than females. For female workers who started in the coffee field, their decisions to apply were based on the lack of city employment, prior job insecurity and/or the excellent reputation¹⁹¹ of Parati in the region.

Some male workers indicated that their spouses were housewives. When asked whether one income was sufficient to support a household, the common answer was that although the finances were tight, they were able to manage with the harvest income or the seasonal employment of housewives. This unequal household division of labor is common in Brazil. Women are primarily responsible for household chores,¹⁹² but some female workers indicated spouse assistance in chores.¹⁹³ In households where women are not employed, men are less likely to partake in any household work. In practice, gender patterns still disfavor women at work and home, while the female participants' discourse indicated a desire for gender equality. One participant stated that “*women perform men's work in the coffee field, therefore men can perform women's work in the household*” (Interview 4). A couple of male participants stated the same beliefs, not from a basic rights standpoint but rather from a personal gain stance. One male participant said that he is actively encouraging his wife to learn how to drive because he does not like to take her to some places where she wants to go. Aside from challenges related to the limited number of women employed and the dispersed labor positions held at the farm, female participants indicated

¹⁹⁰ Workers often talked about having to work during rain, cold and extreme heat.

¹⁹¹ Including employment stability, punctual compensation, employment benefits, good and safe working conditions, etc.

¹⁹² Women are still responsible for cooking, cleaning, childrearing and elderly care.

¹⁹³ Although men assist in some household work, they are less likely perform particular tasks like bathroom cleaning or child rearing. On the other hand, female participants reported that they do not exchange propane gas tanks, slaughter chicken or perform plumbing work.

humiliation, competition and jealousy as hindering factors to collective organization and bargaining power. Female participants expressed greater freedom of expression in the household than at work, as they feared employment termination.

6.11 Conclusion

The Parati company acquired Fair Trade USA certification in 2012, however it has struggled to secure new fair trade coffee buyers. The farm's prioritization of the international market coupled with commercialization challenges shed light on an uncertain future for certification and contributions to workers' empowerment. The Fair Trade Premium contributes to workers' well-being through worker-led projects that would not have been available otherwise. However, there are several disagreements regarding Premium spending and access. This lack of cohesion can reduce the Premium's effectiveness and worker empowerment. This case study illustrates that while the Fair Trade USA certification enables greater resource access for agency realization, it does not necessarily bolster empowerment. Despite workers' limited certification knowledge and Premium scarcity, Fair Trade USA certification provides institutional mechanisms that can contribute to worker's empowerment. However, the existence of these mechanisms is insufficient if workers are unable to perceive (or access) them as plausible alternatives for empowerment realization. The mere existence of resources does not automatically usher workers' critical consciousness to link resource utilization and empowerment realization. The results demonstrate the importance of an empowerment catalyst or local liaison to effectively maximize the certification mechanisms to promote the type of worker consciousness and agency that are likely to lead to empowerment. With a decentralized and fragmented workforce, there is a significant need in Parati for some type of empowerment liaison to aid workers' capacity building and agency.

This research indicates the importance of resource availability and awareness in the empowerment process. It also demonstrates how non-tangible factors such as workers' intra-group competition, lack of supervisory support and unequal worker-supervisor power relations shape empowerment. This case study also shows how empowerment is an uneven process. Although the Fair Trade USA certification has contributed to workers' representative empowerment through the management of the Fair Trade Premium, there is no supporting evidence that the certification has bolstered workers' individual empowerment in this certified farm. For workers' representatives, the Fair Trade Committee has made empowerment impacts through greater participation and engagement, improved worker-management communication, bargaining power and capacity-building. Overall, the Fair Trade USA certification has the potential to foster individual confidence, capacity, and collectivity as observed with the workers' representatives, however the certification impacts will remain marginal without additional certified coffee sales. In this case, the very low Premium amount secured in the context of a large labor force has significantly limited certification impacts on workers' well-being and empowerment.

References

- Almeida, Gelsom. 2007. "O Governo Lula, o Fórum Nacional do Trabalho e a Reforma Sindical." *Revista Katál. Florianópolis* 10(1):54-64.
- Baletti, Brenda, Tamara Johnson and Wendy Wolford. 2008. "'Late Mobilization': Transnational Peasant Networks and Grassroots Organizing in Brazil and South Africa." *Journal of Agrarian Change* 8(2-3):290-314.
- Barros, Iena Felipe. 2018. "O Agronegócio E a Atuação da Burguesia Agrária: Considerações da Luta de Classes no Campo." *Serviço Social & Sociedade* 131:175-95.
- Barros, Ricardo, Mirela de Carvalho, Samuel Franco and Rosane Mendonça. 2010. "Markets, the State and the Dynamics of Inequality: The Case of Brazil." *Discussion Paper*. New York: NY: United Nations Development Programme.
- Brasil. 1935. *Constituição da República dos Estados Unidos do Brasil (De 16 De Julho de 1934)* Congress, (http://www.planalto.gov.br/ccivil_03/Constituicao/Constituicao34.htm).
- Cafe Imports. 2016, "Coffee Processes". Retrieved 25 February, 2016 (<http://www.cafeimports.com/coffee-processes>).
- Camara dos Deputados. 2013, "Proposta de Emenda Constitucional: PEC 369/2005" *Projetos de Lei e Outras Proposições*. Retrieved 2 March, 2016 (<http://www.camara.gov.br/proposicoesWeb/fichadetramitacao?idProposicao=277153>).
- Casagrande, Iolanda. 1979. "Trabalhador Rural Volante (Bóia-Fria) no Paraná. Características Históricas e Demográficas." *Masters in Demographic History*, Universidade Federal do Paraná, Curitiba: Brasil.
- Castanho, William and Paulo Muzzolon. 2018, "Corte de Vagas de Trabalho Cresce 600% nos Sindicatos Após Fim de Imposto", São Paulo: Folha de São Paulo. Retrieved 12 December, 2018 (<https://www1.folha.uol.com.br/mercado/2018/07/corte-de-vagas-de-trabalho-cresce-600-nos-sindicatos-apos-fim-de-imposto.shtml>).
- Coffee Research. 2016, "Brazilian Coffee Beans", [coffeeresearch.org](http://www.coffeeresearch.org). Retrieved 15 March, 2016 (<http://www.coffeeresearch.org/coffee/brazil.htm>).
- Cook, Maria Lorena. 2007. *The Politics of Labor Reform in Latin America: Between Flexibility and Rights*. University Park, PA: Penn State University Press.
- Daviron, Benoit and Stefano Ponte. 2005. *The Coffee Paradox: Global Markets, Commodity Trade and the Elusive Promise of Development*. New York; London: Zed Books in Association with the CTA.
- Dean, Warren and Stuart Schwartz. 1997. *With Broadax and Firebrand: The Destruction of the Brazilian Atlantic Forest*. Berkeley: University of California Press.

- Dolan, Catherine. 2004. "On Farm and Packhouse: Employment at the Bottom of a Global Value Chain." *Rural Sociology* 69(1):99-126.
- Druck, Graça. 2006. "Os Sindicatos, Os Movimentos Sociais e o Governo Lula: Cooptação e Resistência." *OSAL, Observatorio Social de América Latina* 6(19):329-40.
- Fair Trade USA. 2014, "Fair Trade USA Farm Workers Standard: Guidelines for the Implementation and Interpretation of the Farm Workers Standard": Fair Trade USA. Retrieved 23 February, 2016 (http://fairtradeusa.org/sites/all/files/wysiwyg/filemanager/FWS_Guidelines_EN_041014.pdf).
- Fair Trade USA. 2016, "Fair Trade USA 2016 Almanac": Fair Trade USA. Retrieved 2018, 12 February (https://www.fairtradecertified.org/sites/default/files/filemanager/documents/FTUSA_MAN_Almanac2016_EN.pdf).
- Fairtrade International. 2017. "Monitoring the Scope and Benefits of Fairtrade." *Ninth Edition*. Bonn, Germany: Fairtrade International.
- Gaspar, Lucia. 2009, "Agrarian Reform in Brazil": Joaquim Nabuco Foundation Librarian. Retrieved 23 March, 2017 (http://basilio.fundaj.gov.br/pesquisaescolar_en/index.php?option=com_content&id=909).
- IBGE. 2006. *Censo Agropecuário 2006: Brasil Grandes Regiões e Unidades da Federação*. Congress:777.
- ICO. 2013. "Exporting Countries: Total Production Crop Year Commencing: 2008 to 2013." International Coffee Organization.
- Jornal Nacional. 2016, "Dilma Desiste da Reforma Trabalhista Após Reações das Centrais Sindicais": Globo. Retrieved 3 March, 2016 (<http://g1.globo.com/jornal-nacional/noticia/2016/02/dilma-desiste-da-reforma-trabalhista-apos-reacoes-das-centrais-sindicais.html>).
- Lambais, Guilherme. 2008. "Land Reform in Brazil: The Arrival of the Market Model." Paper presented at the XXVIII Institute of Latin American Studies Student Association, February 2008, University of Texas.
- Linton, April and Claudia Rosty. 2015. "The US Market and Fair Trade Certified." Pp. 333-51 in *Handbook of Research on Fair Trade*. Northampton, MA, USA; Cheltenham, UK: Edward Elgar Publishing.
- Martello, Alexandre. 2014, "Dilma Sanciona Lei que Altera Regras do Seguro-Desemprego com Vetos" *Economia*, Brasília: O Globo. Retrieved 10 March, 2016 (<http://g1.globo.com/economia/noticia/2015/06/dilma-sanciona-lei-que-altera-regras-do-seguro-desemprego-com-vetos.html>).

- McKay, Ben, Alberto Alonso-Fradejas, Chunyu Wang and Saturnino Borrás Jr. 2014. "The Global Food System: Issues and Solutions." Pp. 278 in *The Global Food System: Issues and Solutions*, edited by W. D. Schanbacher. Barbara, CA: Praeger.
- McKenna, Monique. L. 2004. "The MST and the Myth of Brazilian Land Reform." *Anamesa: An interdisciplinary Journal* 2(2):19-37.
- Medeiros, Leonilde. 2005. "Social Movements, the State and the Experience of Market-Led Agrarian Reform in Brazil." Pp. 376 in *Civil Society and the Market Question: Dynamics of Rural Development and Popular Mobilization*, edited by K. B. Ghimire. New York: Palgrave MacMillan.
- Medeiros, Leonilde. 2007. "Social Movements and the Experience of Market- Led Agrarian Reform in Brazil." *Third World Quarterly* 28(8):1501-18.
- Medina, Ettore. 2012. "Vivendo do Cafezal: Modo de Vida e Subjetividade do Trabalhador Rural Vistos pela Literatura de Testemunho." *REDD – Revista Espaço de Diálogo e Desconexão, Araraquara* 5(1).
- O Estado de São Paulo. 2018, "A Farra Dos Sindicatos": Estadão. Retrieved 12 December, 2018 (<https://opinioao.estadao.com.br/noticias/geral,a-farra-dos-sindicatos,70002479457>).
- O Globo. 2017, "Com Nova Lei Trabalhista, Contribuição Sindical Será Opcional; Entenda o Que Muda". Retrieved 12 December, 2018 (<https://g1.globo.com/economia/noticia/contribuicao-sindical-sera-opcional-na-nova-lei-trabalhista-entenda-o-que-mudou.ghtml>).
- Oliveira, Roberto. 2016. "Current Challenges to Workers and Unions in Brazil." in *Research & Policy Brief*, Vol. 39. Los Angeles, CA: UCLA: Institute for Research on Labor and employment.
- Pendergrast, Mark. 1999. *Uncommon Grounds: The History of Coffee and How It Transformed Our World*. New York, NY: Basic Books.
- Pereira, Anthony. 2003. "Brazil's Agrarian Reform: Democratic Innovation or Oligarchic Exclusion Redux?". *Latin American Politics and Society* 45(2):41-65.
- Resende, Gervásio. 2005. "Políticas Trabalhista E Fundiária E Seus Efeitos Adversos Sobre O Emprego Agrícola: A Estrutura Agrária E O Desenvolvimento Territorial Rural No Brasil." Ministério do Planejamento, Orçamento e Gestão.
- Ridgeway, Cecilia. 1997. "Interaction and the Conservation of Gender Inequality: Considering Employment." *American Sociological Review* 62(2):218-35.
- Rocha, Alda. 2016, "Ipanema Tem Novo Sócio e Faz Parceria" *Revista Cafeicultura*, São Paulo. Retrieved 20 May, 2018 (<http://revistacafeicultura.com.br/?mat=61071>).

- Sampaio Jr., Plínio. 2013. "Notas Críticas Sobre a Atualidade E os Desafios da Questão Agrária." in *A Questão Agrária no Brasil: Debate Sobre a Situação e Perspectivas da Reforma Agrária na Década de 2000*, edited by J. Stedile. São Paulo: Brasil: Editora Expressão Popular.
- Silva, José. 2015, "Trabalhadores Rurais na Legislação Trabalhista Brasileira": Jusbrasil. Retrieved 8 February, 2016 (<http://joseandradedasilva.jusbrasil.com.br/artigos/124317872/trabalhadores-rurais-na-legislacao-trabalhista-brasileira>).
- Silverman, Jana. 2011. "A Transformação Das Relações do Trabalho E a Atuação Sindical No Cone Sul Sob Os Governos Progressistas: Um Estudo Dos Casos Do Brasil, Paraguai E Uruguai." Paper presented at the II Seminário Internacional: Organizações e condições do trabalho moderno: Emprego, desemprego e precarização do trabalho, 9-11 August 2011, Faculdade de Educação, UNICAMP, São Paulo.
- Smith, Russell. 1995. "The 1988 Brazilian Constitution: Continuity or Change in the Industrial Relations System?" Miami: Florida International University, Center for Labor Research and Studies.
- Taunay, Affonso. 1945. *Pequena História do Café no Brasil (1727-1937)*. Rio de Janeiro, Brasil: Departamento Nacional do Café.
- USAID. 2011, "Property Rights and Resource Governance". Retrieved 27 May, 2017 (https://usaidlandtenure.net/wp-content/uploads/2016/09/USAID_Land_Tenure_Brazil_Profile.pdf).
- Viegas, Nonato. 2017, "Fim da Cobrança Obrigatória do Imposto Sindical Ameaça Relação de Centrais com Governo": *Época*. Retrieved 12 December, 2018 (<https://epoca.globo.com/politica/expresso/noticia/2017/04/fim-da-cobranca-obrigatoria-do-imposto-sindical-ameaca-relacao-de-centrais-com-governo.html>).
- Wolford, Wendy. 2006. "Families, Fields and Fighting for Land: The Spatial Dynamics of Contention in Rural Brazil." Pp. 163-76 in *Latin American Social Movements: Globalization, Democratization, and Transnational Networks*, edited by H. Johnston and P. Almeida. Lanham: Rowan & Littlefield.

7.1 Introduction

Nicaragua's history is marked by class struggles, foreign intervention and social unrest. Over the last century, the country has been governed by dictatorships and revolutionary regimes, and has experienced major agrarian reforms that shaped agricultural and labor organization structures. Nicaragua has predominately an agro-export economy with coffee as its most important commodity (Bolaños 2017). Yet, coffee workers are impoverished and marginalized. Nicaragua is the poorest country in Latin America, with a higher poverty rate in rural areas (Walker and Wade 2017). Nicaraguan coffee workers have marginal access to basic services and often work in precarious labor conditions. In the fair trade market, Nicaragua is the fifth largest Fairtrade coffee producer (Fairtrade International 2017) and the eighth largest Fair Trade Certified coffee exporter (Fair Trade USA 2016). The country has 30 Fairtrade International coffee producer organizations (Mosquera and Del Rio 2015) and has been the site of many fair trade studies (see Valkila and Nygren 2010).

In 2013, Fair Trade USA certified the first coffee plantation in Nicaragua, Masaya. The farm carried out significant changes to address its poor living and workplace conditions to be certified. The certification made short-term noteworthy impacts to workers' livelihoods and employment conditions. Yet, the certification still had limitations to lifting these workers out of poverty (Raynolds and Rosty, forthcoming). Fair Trade USA contributed to workers' empowerment, however this process has shown different implications to male and female workers.

This chapter provides a brief overview of the Nicaraguan coffee production, workforce and national labor legislation to contextualize workers' experiences and aid in cross-national

comparison. This chapter also addresses the union's role in the certified estate, the Fair Trade USA Committee and Premium management. The findings indicate that the certification contributed to workers' individual empowerment, but showed limitations to advance collective organization and empowerment. The results shed light on the influence of contextual factors in creating or constraining the certification opportunities and benefits. The Fair Trade USA certification impacts are uneven, greatly empowering workers' representatives, but not all workers. In addition, workers experienced unintended certification outcomes like increased workload and unrealistic labor expectations. Lastly, the results indicate the importance of local agencies in empowering Nicaraguan workers.

7.2 Nicaraguan Coffee Production

Nicaragua has a large rural population¹⁹⁴ and an agricultural sector predominantly based on mid-size and smallholding properties. Nicaragua has significant land concentration and 20 percent of the agricultural land belongs to less than 1 percent of producers (INIDE 2012), and the economy is based on agro-export crops. The agricultural sector is responsible for approximately 17 percent of the gross domestic product (Global Finance 2016) and in 2008, coffee accounted for 22 percent of Nicaraguan agricultural production value (USAID 2011). The country produced 2.2 million bags¹⁹⁵ of solely Arabica coffee between 2015/2016 (ICO 2016), cultivated at approximately 2300-5600 feet and located predominantly in the northern part of the country in the Jinotega, Matagalpa and Nueva Segovia departments (Sinclair 2007). Only 9 percent of Nicaragua's coffee is produced in large plantations¹⁹⁶ (INIDE 2012).

¹⁹⁴ In 2014, Nicaragua's rural population was approximately 42 percent of the country's total population (World Bank 2016).

¹⁹⁵ 60kg per bag.

¹⁹⁶ Coffee properties of 500 or more manzanas.

Coffee cultivation in Nicaragua has changed little throughout the years. Coffee is still mainly produced in the shade with coffee trees planted in uneven grounds under forest vegetation and exotic trees. This type of production does not aid mechanization, relying instead on intensive labor for crop maintenance and harvest. Shade coffee cultivation involves fewer chemical inputs than mechanized production and supports biodiversity, soil and water preservation (Luttinger and Dicum 2006). The traditional wet method continues to be the main processing method adopted in the country (Sinclair 2007), where the coffee mucilage is removed in fermentation chambers and dried on large patios.

7.3 Nicaraguan Coffee Workers and Land Reforms

Nicaragua's economy has been historically based on the agro-export of coffee, cotton, cattle and sugar produced largely by the peasantry. The development of the agricultural sector is characterized by conflict between crop producing peasants and agro-export sectors. These tensions led to agrarian reform measures that significantly changed the agricultural production structure over time. The reliance on agro-exports contributed to the development of a dependent capitalist regime, with a peasantry sector subjugated to the exploitative agro-export practices established in the late 1800s (Mendez 2005). The expansion of the agro-export capitalist regime was at the expense of integrating and developing the domestic agricultural production and market. The large and mid-sized estates produced high technology agro-export crops such as rice "and industrial sorghum operations, leaving corn and bean production to the peasant sector" (Enriquez 1991:8). This type of agricultural expansion prompted a massive peasantry exodus from fertile areas into small and precarious land (Enriquez 1991; Walker and Wade 2017). The Nicaraguan rural social structure is constituted of estate landowners, hired labor and peasants, with the peasants forming the largest rural class grouping (Enriquez 1991).

Over the years, many of Nicaragua's rural reforms have sought to address the continuous agricultural labor supply shortage in the country. During the pre-Colombian era, Nicaragua had a substantial indigenous population who cultivated sustenance crops while selling crop surpluses in the local market (Charlip 2003). However the indigenous slave trade drastically reduced this population, which facilitated the emergence of other forms of agricultural relations in Nicaragua. The *encomienda* system replaced the indigenous slave trade during the colonization period, enabling indigenous agricultural goods extraction through temporary grants of trusteeships. This system was replaced by the *repartimiento*, where a percentage of the population from each village was forced to work on Spanish-owned enterprises, creating a debt peonage relationship (Wolf 1982). Although these systems attempted to establish a continuous labor supply, the native labor shortage in Nicaragua generated challenges to the growing agro-export sector, resulting in replacing labor-intensive crops for less-labor intensive agricultural activities such as cattle raising (Enriquez 1991). Livestock farming required additional land (*latifundios*) and its expansion meant the expulsion of the indigenous population from sustenance production lands, leading them to work in *haciendas* for land access. Nicaragua's independence did little to substantially change the colonial rural capital-labor relations in face of labor supply scarcity.

Nicaragua's coffee agro-export production only grew to ascendancy at the end of the ninetieth century. Coffee exports received government support through reforms that reorganized landownership, developed infrastructure and strengthened state relations¹⁹⁷ (Enriquez 1991). Before the coffee boom, the Nicaraguan peasantry sector was largely free to cultivate their own crops. But by the 1870s, the elite began to displace peasant and native farmers in the northern highlands (Booth, Wade and Walker 2015:98) to increase the land and labor availability for coffee

¹⁹⁷ The state passed legislations that granted concessions, provided subsidies, and facilitated land concentration to attract and stimulate coffee agro-export cultivation (Enriquez 1991:26).

production. Land concentration legislation facilitated a shift from communal land holdings to private land ownership, where “peasants who could not present land titles to prove their ownership of the land were subject to expropriation” (Enriquez 1991:28). The labor shortage led the state to establish vagrancy laws¹⁹⁸ and the land expropriation forced numerous peasants to move into the agricultural frontier for land access.

During the coffee boom at the end of the nineteenth century and beginning of the twentieth century, the pre-capitalist labor relations and production coexisted with the agro-export capitalist regime in Nicaragua. Although coffee changed land usage in Nicaragua by introducing new production techniques and demanding unprecedented division of labor and a massive contingent of agricultural workers, its cultivation was left largely unaltered from the colonial patterns (Wheelock 1975). The labor force needed for coffee export production were dispersed in sustenance agriculture or in other forms of colonial relations, prompting legislative actions to create a stable labor market that eventually replaced the colonial production regime (Wheelock 1975). The expansion of modern capitalism eventually resulted in the proletarianization of the peasantry through land displacement. Due to limited land access for subsistence, a significant number of Nicaraguan peasants were forced to sell their labor to agro-export growers (Paige 1997). The semi-proletariat system enabled agro-exports to avoid maintaining a large permanent workforce and allowed the peasantry to supplement their farm income (Enriquez 1991:9). The Nicaraguan labor relations still has vestiges of early capitalist agricultural organization. Patron-client relations,¹⁹⁹ employment or political support, are still common in Nicaragua (Saten 2010).

¹⁹⁸ E.g. 1894 law gave rights to agricultural judges to force anyone over 14 to work; 1898 law established worker passes and 1899 vagrancy law (Enriquez 1991: 30).

¹⁹⁹ According to Saten (2010), the patron-client relationship is very important in the Nicaraguan society, because it creates stability and security in economic, social and political relations.

Nicaragua's political unrest and foreign intervention had profound impacts on agricultural production and labor organization over time. The rise and demise of opposing political regimes with antagonistic economic and social projects for the country prompted an unfinished agricultural reorganization process and land reforms that at times benefited the peasantry, and at other times the capitalist elite. The coffee industry expanded during Zelaya's government (1893-1909) by opening-up new lands and improving the transportation network (Walker and Wade 2017:21), but Sandino's war (1927) against the U.S. occupation and foreign political intervention interrupted the global economic integration process. Sandino's agrarian reorganization included coffee growing land expropriation to those displaced by the coffee boom at the end of the nineteenth century for collective farming (Enriquez 1991). Somoza's rise to power changed the political and economic direction of the country again, shifting the focus towards the pursuit of export-oriented agriculture and private property rights, largely at the detriment of the peasantry (USAID 2011).

In spite of the agricultural reforms carried out during Zelaya's era to promote coffee production, coffee did not substantially change Nicaragua's agricultural structure nor solidify modern capitalism for many years. During Somoza's dictatorship, the country's exports were diversified (Walker and Wade 2017) and the agro-export regime was consolidated, drastically changing rural relations and land organization (Enriquez 1991). The infrastructure development, financial sector modernization, state financial support and further land expropriation contributed to the replacement of cattle raising and substance crops to cotton *latifundios*, advancing the peasantry proletarianization process and exodus to urban centers (Enriquez 1991). The rising social inequality and the deteriorating peasant living standards in the country unleashed rural unrest that was handled through reforms and repression during the Somoza era. The latter strategy increased poverty, anti-imperialist sentiment and widespread government corruption, culminating in a civil

war with the triumph of the Sandinista revolutionary forces (Booth et al. 2015; Mendez 2005; Saten 2010).

The Sandinista revolution aimed to establish land reforms²⁰⁰ in favor of the peasantry through land expropriation²⁰¹ and redistribution, modernization of production inputs, agricultural public financing, bank expropriation from the wealthy and nationalization of private enterprises²⁰² (Baumeister 2012; Merrill 1993). The country's productive restructuring included the state and cooperative sectors with the logic that the former would enable the social usage of the agricultural and industrial enterprises' surpluses, while the latter facilitates the scarce productive resource redistribution to the masses, avoiding the emergence of a small-scale capitalist class (Enriquez 1997:16). The Sandinista agrarian reform that started in 1979 expropriated cultivated land for peasant cooperatives and public farming,²⁰³ benefiting 60 percent of peasant families by 1988 (Merrill 1993:69).

In spite of the Sandinista era efforts to guarantee land rights to peasants, Nicaragua's next president, Violeta Chamorro, established a neoliberal trajectory for the country including privatizing public land and confiscating land distributed during the Sandinista revolution.²⁰⁴ The increasing judicial land disputes²⁰⁵ between landowners and Sandinista beneficiaries marked Chamorro's government and overwhelmed the state's capacity in spite of its attempt to mediate

²⁰⁰ In 1979, Decree 3 allowed for the confiscation of Samoja's family properties to National Guard officers and Samocista civil servants. Decree 38 allowed state intervention in the financial sector, real estate and individual enterprises linked to the Samoja dynasty. In 1981, Decree 760 allowed confiscation of absentee owners' land; Land Agrarian Reform Decree 782 redistributed and titled expropriated lands for public utility and social justice (Everingham 2001:84-85).

²⁰¹ The Samoja family held approximately 20 percent of the land in Nicaragua (USAID 2011).

²⁰² See Harris (1987) for the creation of the national state during the Sandinista revolution.

²⁰³ The Sandinista land reform concentrated in large estate expropriation and distribution. Between 1978-1988, 81 percent of the land confiscated was from estates over 500 *manzanas*, and 91.7 percent of the confiscated land became state sector and collective cooperatives (Baumeister 2012:255).

²⁰⁴ The end of the Sandinista revolution is attributed to the contra war, trade embargo and suspension of international funding (Mendez 2005).

²⁰⁵ A significant source of land dispute was the inadequate transfer of the expropriated land distribution to the state during the Sandinista regime (Deininger, Zegarra and Lavadenz 2003).

opposing class interests²⁰⁶ through legislative reforms (USAID 2011). Chamorro's land tenure reforms did not significantly reverse the Sandinista agrarian reform:

Farms in the private sector of over 140 hectares constituted less than 23 percent of arable land in 1996, compared to 52 percent in 1978. Medium and small private producers maintained control of nearly 50 percent of farmland during the tumult of the revolution and the transition to democracy (Everingham 2001:69).

The land tenure dispute was far from over. Between 1997 and 2002, President Arnaldo Alemán, faced fierce conflicts over land ownership rights, passing the Reformed Agricultural Urban Property Law 278 to enable effective land dispute mediation and adequate compensation (Everingham 2001). The land reforms of that period largely benefited the capitalist elite instead of the peasantry, who increasingly became demobilized. Despite the legal and state policies in the post-revolution to dissolve the agricultural production cooperatives established during the Sandinista era, some cooperatives remain today (Ruben and Lerman 2005).

The antagonist land reforms²⁰⁷ during the Sandinista and post-revolution era, coupled with the political and economic context of the time, yielded uneven output, low productive levels and changes in land tenancy (Baumeister 2012). In the post-revolution administrations, permanent and temporary rural laborers were adversely impacted by back and forth political and economic reforms. Workers lost their state farm jobs and were excluded from the land distribution post-revolution, forcing many of them to migrate to neighboring countries to meet basic needs. From 1990 to present, a sharp decline in the permanent agricultural labor force has occurred along with a steady decline in agrarian wages (Baumeister 2012:259).

²⁰⁶ Chamorro's regime "attempted to chart a middle path by adopting policies that protected the rights of land reform beneficiaries while also recognizing the rights of the landowners dispossessed by the reforms" (USAID 2011:1).

²⁰⁷ During the revolution, the land reforms aimed at establishing state farms and collective run cooperatives, whereas during the post-revolution era the land reforms sought to upend the revolutionary land distribution in favor of the capitalist agricultural elites.

While land disputes have persisted throughout the successor governments up to today, Nicaragua has not experienced another Sandinista-style land reform aimed at significantly addressing the unequal land concentration in the country. Instead, the state has focused on land policies to mitigate existing land conflicts and land tenure insecurities while preventing new land conflicts from emerging (Deininger et al. 2003). Although the current Nicaraguan president, Daniel Ortega,²⁰⁸ played a major role in the Sandinista land expropriation and distribution regime, his current government has moved away from this type of land reform towards pro-poor social programs such as free education, health and literacy, Zero Hunger livestock program, microcredit for women and establishment of the Citizens Power Councils for local management of anti-poverty programs (Booth et al. 2015).²⁰⁹

7.4 Labor Laws and Unions

The Nicaraguan Constitution guarantees workers' freedom of association, right to strike, collective bargaining, social security and acknowledges unions' autonomy and union leaders' protection (Constitute Project 2014). In Nicaragua, union representation and affiliation are not mandatory. The Nicaraguan labor groups are represented by the National Worker's Front (FNT) and the Permanent Congress of Workers (CPT), consisting of eight Sandinista and four non-Sandinista unions, respectively²¹⁰ (Saten 2010).

Prior to the Sandinista revolution, the worker's movement in Nicaragua was marginal and underdeveloped (Prevost and Vanden 1993), however union organizations played an important role in the Nicaraguan political scene, particularly in the Sandinista revolution and the few years

²⁰⁸ Nicaraguan President (1985-1990; 2007-present). Junta of National Reconstruction of Nicaragua Coordinator (1979-1985).

²⁰⁹ These social programs are controversial due to the lack of resources and transparency. Despite the state's efforts, the country has not been able to regain its 1960s-1980s GDP per capita (see table in Booth et al. 2015:342).

²¹⁰ The National Workers Central is an independent union.

after democratization. In addition to the land reform and the creation of a sizable state sector in the economy, the Sandinista political party aimed at transforming the elite governing ruling system of the country in favor of the masses by restructuring the state apparatus to incorporate mass organizations to represent the interests of each societal sectors²¹¹ (Mendez 2005). This political mobilization occurred through organizing the majority of the population “into unions, political parties and various types of mass organizations” (Harris 1987:4) with the purpose to establish a direct communication link between the political party in power and its base²¹² (Prevost and Vanden 1993 in Mendez 2005:29) to enable public participation at the local and national levels.²¹³

During the Somoza regime, labor repression was common and the working poor disorganized, however, once the Sandinista party (FSLN)²¹⁴ came to power, unionization expanded rapidly in the country “from about 11 percent of the salaried workforce in 1979 to some 56 percent (260,000 organized workers) by 1986” (Stahler-Sholk 1987:84). The existing trade unions in the country were created before 1979 or grew out of existing union movements (Envio Team 1984). Two major labor union organizations were central in the socialist regime: Sandinista Workers’ Central (CST) and Association of Rural Workers (ATC).²¹⁵ While these organizations advocated for working-class interests, they often subordinated these interests in favor of the party’s agenda and state’s policies (Mendez 2005; Prevost and Vanden 1993).

²¹¹ The traditional parties that represented the private-sector entities were part of the Sandinista regime, although with only minimal representation, the mass organizations and the FSLN were more heavily represented (Prevost and Vanden 1993).

²¹² According to Mendez (2005), within the political leadership and base relations, the party's demand for compliance often preceded over democratic processes when intra-mass organization divergence prevailed.

²¹³ The goal of the Sandinista leadership was to support the democratic empowerment of the masses (through the organization and representation of the masses, and promotion of education) for people to acquire the political consciousness necessary to realize their full potential (Prevost and Vanden 1993). The authors thoroughly discussed how the Sandinista regime intended to promote a socialist-oriented political consciousness in favor of the masses to overcome ideological manipulation of other political forces.

²¹⁴ Frente Sandinista de Liberacion Nacional.

²¹⁵ While the ATC played an important role in agrarian reform during the revolution, the CST focused on urban labor issues in factories.

By following party directives and supporting government policy as it developed after 1985, the two labor federations seem actually to have contributed to the deterioration of the living conditions for the wage laborers because the organizations did not push for wage increases to keep up with rising inflation (Prevost and Vanden 1993:65).

Although the adoption of national policies that were detrimental to the workers' interests contributed to the decline in workers' union participation towards the end of the revolution, the Sandinista unions were still a major labor organization force. These unions played a significant role in Chamorro's government;²¹⁶ which was confronted with the challenge to create and maintain union's political bases, and the political and economic stability against Sandinista's union strikes (Merrill 1993). During the interregnum regimes, the National Assembly changed the labor code to enable unions freedom to organize and workplaces to have more than one union.²¹⁷ However the annulment of labor codes that guaranteed labor benefits carried out by the new government became a significant source of disruption and union strikes in the country (Merrill 1993).

Unions in Nicaragua are not legally mandated, nor do they play a central role in structuring labor activities and relations in the country. While ATC has been active in the countryside representing workers, its reach and negotiation abilities are limited. In fact, many rural coffee workers are not unionized, having little leverage to negotiate working conditions with management.

7.5 Research Site: Masaya²¹⁸

Masaya is a family-owned coffee estate situated at the top of a mountain near the La Dalia community in Matagalpa ranging in altitude from 2000-5000 feet. Masaya is located on a steep

²¹⁶ "...the Sandinista unions have had a major influence in shaping the direction and pace of the Chamorro government's economic policy" (Merrill 1993:173).

²¹⁷ During Chamorro's government, the FSLN-affiliated unions were no longer bound to support adverse measures of the leadership in power like it did during the Sandinista regime (Merrill 1993:172).

²¹⁸ Pseudonym.

hill, approximately 3 miles from the nearest road and employs workers from the nearby cities, mainly from Tuma Dalia, Santa Martha, La Empresa and Santa Julia. Masaya has a total farm area of 192 hectares, of which 155 hectares are designated to coffee cultivation with the remaining are used for biodiversity conservation. The farm is a monoculture plantation producing shade coffee. Crop maintenance and harvest²¹⁹ are performed manually due to the mountainous terrain and the presence of forest trees. Masaya has an annual production of approximately 3,450 coffee bags and has sold four Fair Trade Certified containers since acquiring the Fair Trade USA certification in 2013. Aside from the Fair Trade USA certification, this farm does not possess any other certifications. In 2014, the farm employed a total of 630 rural workers; 80 permanent and 550 temporary workers and its operations consisted of coffee production, cultivation and processing. In that year, the farm reported 5 work injuries.

Traces of early capitalist agricultural organization and labor relations are visible in the Masaya plantation. Patron-client relations where the former provides land and housing access for the latter in exchange for prestige are subtle and embedded within the structure of hired labor in this farm. Currently, Masaya provides housing²²⁰ for nearly 80 permanent and temporary workers and families, and a small land parcel for sustenance crops,²²¹ in addition to farm wages. Some interviewed workers stated immense patron gratitude, particularly to the social outreach of the spouse of the farm owner.²²² The on-site housing infrastructure is extremely precarious without

²¹⁹ In Brazil, when coffee is not gathered through giant straddle coffee harvester that combs through the coffee plants, workers used individual machinery called portable *derriçadeira de café*, acting as mechanized arms to vibrate the coffee cherries from the trees. None of these machineries are used in the Nicaraguan farm.

²²⁰ This farm housing-labor arrangement has been present for many years before the current owners acquired the property. Although the farm owns the on-site houses, the farm owner has given use and enjoy (*uso y goce*) rights to workers over the property. Management stated that workers can stay in the house even if they no longer work in the farm. Some workers are skeptical about the ‘*uso y goce*’ policy.

²²¹ This benefit is mainly restricted to the live-in labor force. Many workers complained about the remote location of these land parcels and lack of farm input support such as fertilizers, pesticides and knapsack sprayers.

²²² Some workers invited the farm owners to be their children’s godparents.

plumbing and gas access, although the Fair Trade USA certification has helped supply water and electricity. Masaya does not provide transportation to the coffee fields²²³ and many workers' daily commute averages about one-hour by foot. Management staff does not reside on the farm and generally use their personal motorcycles to reach the coffee estate. Workers in this certified farm have a 48-hour weekly work shift.²²⁴

Like many Nicaraguan farms which are not unionized, Masaya does not currently have a workers' organization or union affiliation. In accordance with the Fair Trade USA certification rules, farm managers brought ATC representatives to the farm to inform workers about their rights, including freedom of association. However, Fair Trade USA certification does not require union affiliation or establishment of a workers' organization, only requiring that certified farms recognize "in writing, and in practice, the right of all employees to establish or join an independent workers' organization of their own choosing..." (Fair Trade USA 2014:102). Although the Nicaraguan workers are aware of their rights to form or join a workers' organization or union, in practice, management has strongly discouraged collective organization. In fact during the certification, management deliberately inhibited some workers' attempts to organize under a local union's guidance. Managers argued that workers are organized and represented through the Fair Trade Committee, thus the presence of a union or workers' organization in the farm would be redundant. When asked about the absence of unions and workers' organization, management explicitly communicated this rationale and workers' internalization of this discourse was clearly observed when many participants stated that they are now organized with fair trade. Only a handful

²²³ Transportation is only provided during harvest.

²²⁴ Work shifts are performed Monday-Saturday between 5:30 a.m. and 1:30 p.m. Workers bring breakfast to work and eat lunch at home.

of participants acknowledged that they were not collectively represented and believed that an independent workers' organization would help workers advocate for their rights.

The Fair Trade USA standards explicitly addressed the importance of distinguishing the roles of the Fair Trade Committee and a union or worker organization. The Fair Trade USA standard states

It should be made clear that the Fair Trade Committee's role is primarily to administer the Premium and is not meant to displace or duplicate a worker organization or union that addresses labor issues. Good communication between the Fair Trade Committee and union or worker organization can help avoid misunderstandings and allow for planning of complementary projects (Fair Trade USA 2014:29).

Most participants believe that unions are beneficial in representing their rights and for collective bargaining purposes. Yet, in the absence of a union, workers inaccurately identify organizations like the Fair Trade USA Committee as representational associations able to negotiate labor and capital interests.²²⁵ Although the Fair Trade USA Committee is not structured nor designed to effectively grant workers labor negotiation or collective bargaining power, in practice the committee enables greater worker-management contact that was previously absent. This contact in a top-down organizational structure, like in Masaya, has a positive impact in providing spaces where workers' concerns can be voiced. Almost all participants indicated better management-worker relations and communication channels with the establishment of the Fair Trade USA Committee and other certification related initiatives.

Prior to the Fair Trade USA certification, workers' rights in the Masaya farm were often violated.²²⁶ For example, many participants stated that their work-shift exceeded the hours

²²⁵ Some participants believe that they are organized through mixed committees (e.g. safety) required by law.

²²⁶ When asked about the government labor inspections, a participant stated that workers do not communicate labor violations in the farm because they need employment. For example, participants stated that before the certification they worked about an hour to an hour and half beyond the legal requirement per day, however when labor inspectors ask workers the daily working hours, they say they work the hours required by law.

stipulated by law. My research finds that workers are often aware of rights violations, but choose not to complain because of fear of losing their job. When unions are absent, the certification acts as a control mechanism to protect and secure national labor law compliance, however the certification does not guarantee workers' rights advancement. One participant pointed out why an independent workers' organization on the farm would be beneficial:

...it would be nice to form a workers' organization [or union], because here we do not have the support of the union and no one here have heard about them. When we worked like this, they [management] used to give us poor quality nonperishable food²²⁷ so the union would be here to fix workers' food and improve other things... (Interview 11).

Fair Trade USA certification, thus, may protect workers' rights and uphold legal compliance, but when unions or workers' organizations are absent, the certification does not necessarily guarantee additional rights beyond the national law or ILO convention.

7.6 Fair Trade USA Committee, Premium Investment and Other Social Initiatives

The Masaya Fair Trade USA Committee is constituted of 17 members, with 13 of them being workers' representatives from different communities, 9 male and 4 female, and democratically elected proportionally representing the workforce and four management staff. Although Masaya received the Fair Trade certification in December 2013, the first committee was established in 2012, during the first General Assembly for a year term, with the potential of reelection. The General Assemblies²²⁸ are held yearly in December²²⁹ to elect workers' representatives (show of hands process) and to discuss any Fair Trade Premium topics.

²²⁷ Multiple participants complained about the food quality given to workers, which prompted them to request the equivalency in cash.

²²⁸ Throughout the year, the Committee also schedules extraordinary General Assemblies on a need basis to discuss the Premium and to approve workers' led projects.

²²⁹ The yearly General Assembly is held in December early morning during the coffee harvest, when both permanent and temporary workers can participate.

Masaya has a written internal rule of procedures that defines the objectives, functioning, and composition of the association created for the Fair Trade Premium management. The meetings are held once per quarter during working hours at the management headquarters, as stipulated by the FWS. Workers' representatives from each community are responsible for contacting and gathering information from respective areas.

Before receiving the first Fair Trade Premium, Fair Trade USA donated to this certified farm approximately \$8,000 to be invested in worker-led projects, serving as the committee's learning opportunity to manage a Premium. The funds were invested in latrine purchases for workers residing outside the farm, eye exams and glasses. In the second quarter of 2014, the certified farm received the first Fair Trade USA Premium from the sale of two Fair Trade USA Certified coffee containers, returning approximately \$16,000. Masaya held two General Assemblies to identify and approve five worker-led projects. Workers' representatives gathered workers' requests during the General Assembly and discussed project viability in the Fair Trade Premium Committee. Once the Premium Committee selected the proposed projects, they were presented at the General Assembly for workers to vote through hand raising recorded on a blackboard.²³⁰ The first two projects established low interest loans²³¹ for seed purchase²³² to plant corn, beans and rice, and basic material purchases²³³ for housing repairs/improvement,²³⁴ directly benefiting 30 and 27 farm workers,²³⁵ respectively. The next two projects provided food and

²³⁰ Although workers can vote for more than one project at the General Assembly, they can only receive the benefits of one project at a time.

²³¹ Loans without interest rates to be paid in two months time. The loan amount varied according to worker's necessity and ability to repay.

²³² Some people used the loan to purchase fertilizer for their personal coffee crop. The majority of the workers planted corn due to the time of the year.

²³³ Which includes flooring, roofing and interior walls.

²³⁴ The farm workers who reside outside the farm requested loans for housing repairs. The plantation owners financed in-farm housing repairs since they own the properties.

²³⁵ If the individuals who benefited indirectly are included, like family members, the number of beneficiaries is 151 and 122, respectively.

transportation assistance for children's education.²³⁶ While the farm loaned the vehicle and driver, the Premium was used for fuel and lunch purchase, benefiting 34 children to attend school at La Dalia. The last project provided a basic grocery basket²³⁷ for 17 elderly, selected based on their inability to work and food insecurity.²³⁸ For the second Fair Trade Premium derived from the sale of two coffee containers, the committee continued to fund the existing projects. Masaya indicated some commitment to social causes through different on site projects²³⁹ for workers and children.

All participants stated that they benefited directly or indirectly through the Fair Trade USA Premium-funded projects and showed gratitude for the financial assistance. The Premium investment process provided tangible benefits to workers through project realization and intangible benefits like poverty reduction, hope, and life aspirations that were previously absent. Many participants said that the Premium significantly improved their life conditions, describing the financial assistance and housing infrastructural changes as concrete poverty alleviation solutions not available through the state or farm before the certification. However, workers' reliance on the Fair Trade USA Premium may be problematic, since it has not been invested in self-sustaining initiatives. Except for the loan project, the funded activities were not financially sustainable over time. In addition, while the loan²⁴⁰ project generated reoccurring cash flow to benefit other workers, they can also be economically burdensome when unable to reap returns on the investment. Almost all participants who took seed loans to reduce food insecurity indicated distress after the birds ate almost all of the seeds, leaving them without additional subsistence food but still a loan commitment.

²³⁶ Children attend different schools on Saturdays or Sundays and most of the beneficiaries reside on the farm.

²³⁷ Consisted of 5lb. of rice, beans, corn and sugar, 1 liter of oleo, 1 ½ lb. of coffee, 2 lb. of salt, one bag of cookies, 1lb. of oatmeal and 2 bags of instant noodles.

²³⁸ This assistance was provided between May and December of 2014.

²³⁹ The farm owners built a pre-school on site for farm workers' children and finances its functioning costs. Other projects include the donation of shoes and toys for children.

²⁴⁰ As a financial safety net, the committee established a salary-based cap on how much workers can borrow.

Overall, the Fair Trade USA Premium has been well used to address Masaya workers' immediate needs. However, the findings indicate that the realization of workers' projects, particularly where unions are absent, can potentially hinder wage bargaining power. While the certification standards encourage better working practices and stipulate criteria to advance workers' rights such as living wages in the third year of the certification (Fair Trade USA 2014a:81), it does not require its implementation. Workers receive a monthly minimal wage of approximately \$106 US dollars²⁴¹ and they stated difficulties in purchasing sufficient food for household consumption. The Fair Trade USA Premium is a poverty alleviation measure not grounded on wage demands. As an immediate solution for workers' need, the Premium, to some extent, subsidizes workers' wages, complementing it rather than supporting wage increase. Some participants stated the need for a salary increase to address basic-need deprivation, however others believe that wage increase is economically unfeasible. The acceptance of the status quo²⁴² largely results from the remnant patron-client relations and the perception of the Premium as part of the management's initiative, contributing to workers' increased feelings of gratitude and indebtedness for the livelihood and labor improvements after the certification. This gratefulness towards management, to some extent, hinders labor consciousness and the pursuit of rights-claims.

Lastly, some participants stated that the Fair Trade USA Premium did not come without a price. In this aspect, the Fair Trade USA certification also has unintended impacts, such as increased work performance pressure and unrealistic labor expectations.

Although unrestricted to one job function, one participant stated:

During input and fertilization application, we used to cover 3 quintales but now it is 5 quintales, they [management] increased [the workload]...because they [management] said that with the

²⁴¹ In 2014, workers received 126 Córdoba per day.

²⁴² It is important to acknowledge that management can potentially use the Premium availability as a token to maintain the status quo in terms of advancing workers' rights.

certification we have to yield more....to obtain more, so 5 quintales weigh more, we have to do it...they are accelerating more the workload, because their [management] policy is for us to work more to obtain more, but economically they are benefiting most...they are going to sell the coffee at a higher price...and save on labor... (Interview 1).

Another participant pointed out that the increased workload went beyond workers' capabilities and compromises work quality, since workers are unable to realize the amount of work required while maintaining particular coffee quality practices.²⁴³ Another worker pointed out that the rigid workload requirement does not count for the difference in workers' capabilities, resulting in poor work performance and possibly lower remuneration. Management often viewed the lack of workers' complaints as a sign of consent, instead of workers' inability to express discontent. The communication discrepancy of worker-management intentions generates and maintains unequal practices that further exploit workers. In this case study, the certification has increased the tensions between coffee cultivation quality versus quantity on the farm.

Fair Trade USA Certified coffee sales are inextricably linked to coffee quality, as fair trade coffee buyers restrict coffee purchases to high quality coffee. The reliance on workers' performance prompted management to invest in coffee handling training and techniques. As workers receive more coffee cultivation training, management expects higher work performance standards to ensure coffee quality. For some workers, the coffee handling training is an asset to increase workers' skill and awareness of coffee cultivation techniques that can be used in their own small coffee land parcels or in future land acquisition. As one participant explains:

...I like to learn about coffee, about this plant that gives us what we have...it is good to know about coffee because I can apply what I learned in my little coffee plot... (Interview 10).

²⁴³ The same participant also pointed out that the higher coffee prices sold with the label are not passed on to the workers.

From the management's viewpoint, the certification's success is based on a worker-management collaborative partnership, as coffee quality relies on workers' performance and adequate training. The management's discourse emphasizes the contingency of certified coffee sales based on quality and the Fair Trade USA Premium availability, capitalizing on workers' concerns of the Premium continuity to demand greater work performance. To some extent, the emphasis on the Premium obfuscates workers' perception of the certification benefits to owners such as: 1) access to a niche market, 2) pathway to other certifications, 3) higher coffee prices, 4) potential new buyers, etc. Only one worker mentioned the certification advantages to farm owners when he stated that although workers only benefit from the certification when buyers pay for the label, owners profit from the entire coffee production. In other words, workers are pushed to increase coffee quality to sell more certified coffee, however high quality coffee does not necessarily guarantee Fair Trade Certified coffee sales in a buyer-driven market, while management capitalizes on all coffee sales with higher coffee quality.²⁴⁴ For management, the high-quality demand in certified networks restricts certified coffee sales, as the farm could only produce two out of 12 containers in the required coffee grading in the first year, limiting the amount of Fair Trade Premium to hired laborers. Lastly, some workers complained about the careless coffee handling practice of temporary workers that jeopardize coffee quality as they do not benefit the same from the certification, undermining the year-long cultivation efforts of permanent workers.

²⁴⁴ Management stated that they have been working diligently to increase Fair Trade certified coffee sales beyond the two containers a year. They hope to be able to sell the farm's entire coffee production with the certification to help workers.

7.7 Workers' Awareness and Knowledge of the Fair Trade USA Certification

All Masaya interviewed workers demonstrated awareness of the Fair Trade USA certification and many described it as a benefit to improve workers' livelihoods. Management informed workers about the Fair Trade USA certification through general meetings, personal conversations and audio recordings.²⁴⁵ In addition, workers' representatives played an important community role in explaining to neighboring workers the certification concept. Information about the Fair Trade USA certification was continuously shared to enhance workers' understanding, however many workers said that they only learned with time. While hired laborers have a good grasp of the certification's purpose, some workers' representatives provided a more thorough certification explanation, and one of them even mentioned the empowerment one must have as part of the certification efforts. While most workers talked about the theoretical conceptualization of the certification, only some verbalized the practical challenges, defining the certification as a process in its infancy.

7.8 Immediate Changes with the Fair Trade USA Certification

The Masaya farm did not have any prior certifications and made significant changes to comply with the Fair Trade USA standards. The transition from conventional to Fair Trade USA Certified took a couple of years and several unsuccessful attempts. After the third audit, Masaya became certified in December 2013. In the first audit, the farm had 36 non-conformities, indicating poor living and working conditions.²⁴⁶ To ensure "sanitation, safety, ventilation, reasonable protection from heat and cold, privacy and security" (Fair Trade USA 2014a:83), the farm

²⁴⁵ The recording was particularly played during coffee harvest to inform temporary workers about the Fair Trade USA certification.

²⁴⁶ The farm owner stated: "*here[Nicaragua] rural workers live in deplorable conditions, every time I enter the house of the workers, I get depressed [because] they have the basics; a cabin where to sleep, some tables and nothing more*" (Interview 5). This is not only the reality of Masaya workers, but the majority of the rural workers in Nicaragua.

undertook major housing infrastructural changes, ranging from housing renovations²⁴⁷ and in-house electricity and water supply. Prior to certification, workers' access to electricity²⁴⁸ was restricted to communal locations and water access limited to nearby wells.

In order to be Fair Trade USA certified, Masaya improved the health and occupational practices and limited the work shift to that prescribed by national labor law. Overall, most participants stated improvements in worker-management relations after the certification. The joint body nature of the Fair Trade Premium Committee played a significant part in increasing worker-management contact and communication. Relational changes are also attributed to management's exposure to the Fair Trade philosophy and the support of the United Farm Workers.

7.9 Workers' Empowerment

7.9.1 Individual Empowerment

In Masaya, workers' participation in decision-making processes are limited to decisions regarding the Fair Trade Premium investment. About half of the participants stated that they express their opinions with other workers and some of them only share positive remarks to avoid misinterpretations that can potentially reach management. In terms of workers' rights expression, many participants said that they did not express their rights to management because of fear of employment termination. One participant stated that rural workers in Nicaragua seldom advocate for their rights. The power inequality inherent in estates' hierarchical structures is often translated into pre-existing cultural practices that hinder the exercise of worker's rights. One participant stated:

We, the peasant people, have grown up with the culture of our parents, if we talk bad about the [plantation] owner, there is a tendency to be fired, it is a culture that comes from below [from childhood] ...” (Interview 1).

²⁴⁷ Workers lived in hard dirt floor housing.

²⁴⁸ Six hours per day.

Rumors of workers being fired significantly deter workers' rights advocacy, even when purely based on speculation. Fear of job termination is particularly prominent among workers who reside on the farm because both housing and employment are at stake. Another participant said:

We keep quiet...there are many people who say that if we talk they [management] will let us go [get fired], so we keep quiet, but it is something we do not know for sure because they [management] never said that they would let us go...but we are still afraid...maybe because we do not have anywhere to live because what we have is not ours...here we have while we work, so since we do not have anywhere to live, a decent roof, we cannot say anything... because the people say that you will get fired...since we do not have anywhere to go, we keep quiet all the time (Interview 10).

Other participants stated that workers lack the capacity to express their rights, but were unable to elaborate on what this capacity entails. One participant said that workers sometimes do not advocate for their rights because they do not know them or if told, they were probably forgotten. As part of the certification, management informed workers' about their rights, however, the continual informational exposure to one's rights seem critical for rights claims realization, particularly among the most marginalized. All interviewees said that they have participated in farm trainings and/or Fair Trade USA certification meetings, however the findings indicate that the lack of comprehension partially explains workers' low engagement and critical thinking. In terms of desired training opportunities, most participants showed interest in learning life skills²⁴⁹ instead of job related trainings since there is virtually no upward mobility opportunity in this farm.

Workers' knowledge about their rights does not necessarily mean that they are exercised. Even when aware of their rights, most participants stated that workers are unable to negotiate with management, mainly due to fear and lack of workers' unity. Masaya workers often times talked about rights as a covenant constituted of mutual obligations between workers and management,

²⁴⁹ Such as health, nutrition, women's and children's rights, etc.

rather than an entitlement. This latter approach was associated to a couple participants with higher educational attainment and empowerment levels. In relation to labor conditions, the Fair Trade USA Certified farm is not viewed as a model farm in the region. Although workers' empowerment levels are still low, the Fair Trade USA certification in Nicaragua has significantly contributed to individual empowerment, however workers' increased agency and rights awareness, particularly of female workers, is largely attributed to the work of two local private and public agencies.

7.9.2 Relational Empowerment

All participants stated that worker-management relations at Masaya have improved since the certification, particularly with the establishment of the Fair Trade Committee. Prior to the certification, participants described worker-management communication as one-way, top-down interaction with practically no room for workers to voice their concerns. Masaya's military managerial style has historically prevented workers from advocating for their rights. Yet, changes brought on by certification, including Premium investment and establishment of the Fair Trade Committee, have significantly contributed to workers' perception of greater management approachability. This proximity does not indicate that workers are now able to freely voice their concerns, however. Most participants said that they still fear retaliation for voicing and exercising their rights. Many participants stated that they do not advocate for their rights and the few participants who do it, strategically seek the spouse of the farm owner²⁵⁰ for problem solving and right's claims. One worker stated:

In my point of view is to have an [workers'] organization [to advocate for them], but there is not the will to speak to defend one's rights, maybe not to discuss it but to say to Mrs. [spouse of the farm owner] that look, this [right] is not being fulfilled here...she is an open person that if you speak with her she listens...not like the others [management] (Interview 1).

²⁵⁰ Workers stated greater trust in her than the other management personnel.

Workers who reside on the farm experience greater vulnerability than workers who reside outside the farm. Although also afraid to be jobless, farm residents are less likely to confront management for labor rights violations because of fear of housing arrangement²⁵¹ termination. These participants stated great appreciation to have a house on the farm, however they indicated employment-housing contingency, emphasizing its temporary nature and the importance of home ownership to reduce marginalization. One participant illustrated:

...these houses are from the owners, we are occupying temporarily, but if we have a problem...if today I am here and tomorrow they fire me, I have to leave...we would like something that is ours; we want a roof... (Interview 15).

The worker-management relation is also boosted with the latter involvement in the Fair Trade USA Premium. Management's engagement in the Fair Trade Committee contributed to establishing a more positive image of managers among workers as the workers' livelihood improved. While most participants are able to distinguish between certification requirements and the management's independent initiatives, workers who are less involved are less likely to do so. Lastly, workers' participation, representation and decision making in the General Assemblies and Fair Trade Committee, significantly contributed to reduce workers' perception of worker-management power inequality, as they viewed themselves as a central part of this process with voice, vote and a place at the table, all previously absent. However for a few participants, this perception of decreased power inequality was somewhat inflated as they were aware of management's prerogative to make unilateral decisions such as to acquire or exit the certification, for example. From this perspective, workers' increased autonomy is limited to the management of

²⁵¹ Workers' housing arrangement on the farm also presents a challenge for the owners, who stated employment termination difficulties in either fearing possible retaliation from unemployed workers by allowing them to continue residency, or further reducing their livelihoods by evicting them. In Nicaragua, the pre-capitalist employment relations (live where you work) is quite common, however this arrangement has challenges when functioning within the modern capitalist rationale.

the Fair Trade Premium. Lastly, many participants complained about the lack of respect from their direct supervisors,²⁵² however they stated supervision improvements after the certification. Moreover, many participants identified workers' common practice of speaking behind one's back as a deterring aspect in intra-group relations and lack of unity.

7.9.3 Collective Empowerment

Collectively, workers have limited bargaining power to negotiate labor conditions with management. The findings indicate that while the Fair Trade USA certification requires workers' rights awareness, it has not contributed to collective organization in Nicaragua. Participants often cited job termination fear and management discouragement as reasons to dissuade workers' organization despite awareness of these rights. Many participants shared a similar perspective as one participant, who stated:

The purpose of unions is to enforce labor compliance and rights, to vigil over the cooked food, [ensure] full salaries and everything...here there is fear...because last time some people complained and there is much to complain, but little by little they were fired because they complained... (Focus group 3).

Many participants indicated distrust in their colleagues' support when attempting to address labor issues with management, none of the participants mentioned attempts to negotiate salary increase and only a few provided examples of rights claims or labor requests; mainly carried out indirectly through the spouse of the farm owner or petitions as discussed above. The Fair Trade USA certification did not make any significant impacts to collective organization to address labor issues, however it empowered workers through the management of the Fair Trade Premium. Workers indicated greater participation and engagement, but their involvement still remained in the realm of the Premium investment. In the absence of unions, the Fair Trade Premium Committee

²⁵² Not limited to work performance feedback.

has been used as a platform to address labor concerns, however labor issues are conveyed to management rather than demanded or negotiated. Workers' representatives benefited most from the certification in terms of empowerment. Through trainings, meetings and direct management contact, workers' representatives engaged in critical dialogues, democratic debates and enhanced communication skills to orchestrate Premium implementation efforts.

7.9.4 Workers' Definition of Empowerment

Workers defined empowerment as the ability to voice one's opinion, express one's rights, make decisions, have freedoms at work on the farm and at home, ability to advocate for oneself and gender equity. Participants also used the word respect towards oneself and others, highlighting the relational aspect of empowerment as a deterring or encouraging factor for its realization. One group defined empowerment as:

[Empowerment] is the main foundation for all people...[it is] through this process that we realize the obligations and duties we have as workers; an empowered person is when his/her opinions are heard and when the decisions we make in the assemblies, workshops, meetings are respected...our challenge is when they do not fully pay us as workers, ignore us, do not pay attention to us...and to know that we are capable of everything (Focus group 4).

While the above definition emphasized empowerment as a process rather than an outcome constituted of obligations and duties, another group explicitly referred to empowerment as a right that protects workers. One interviewee comprehensively illustrated this perspective:

...Empowerment has a complicated definition. It is when a person wants to seize or take ownership of others' possessions, but for us as workers is a person who wants to recover something that he/she never had like the workers in old days. In the case of this farm that just received this [Fair Trade USA] certification it gave something [rights]... the worker never had the opportunity to claim his/her rights that were violated or to work freely without oppression, so these are the things that we never experienced before, but now with this certification these are the things that are intended to recover that we never had; to obtain the freedom to work, freedom of

thoughts, the right to be heard and work in harmony both with workers and the farm owners, because the farm owner is the one who makes the decisions, what to do and not do, because we as workers only work out of necessity to earn money to support our families...so we see ourselves compelled to work for a wage without caring what they [management] tell us. With empowerment, I think that things are different...there must have another plan, another purpose, another way of thinking that is very different than this...” (Focus group 4).

The first part of this quote captures the power struggles of empowerment as not only enhancing but also restraining the choices of others. Thus, empowerment is not limited to poverty or marginalization occurrences, but to power acquisition processes that systematically disempower people. Empowerment as a right, in this case, suggests that the certification is a structural mechanism for rights claims and empowerment is the catalyst for its realization. It is important to note that the rights-based empowerment approach is not commonly present in worker discourses. In fact, a comprehensive understanding of empowerment is delimited to workers’ representatives that resulted from the Fair Trade Premium Committee trainings.²⁵³

The concept of autonomy and freedom to make decisions are also important for workers, often times associating these concepts with ownership (e.g. land ownership, home ownership). Some of them mentioned home ownership as one of the first steps to reduce livelihood vulnerability and increase workers’ autonomy. One female participant said:

To improve means we need to have something that is ours so we can make the decisions we want to make and no one tells us what we cannot do because it is not theirs....if my house was mine I would at least buy, with my salary, a pig and chickens then make it big and sell them, and have more money....to go further, and when we die, our children will keep the house and not stay here like us, here in this community that is not ours, it is theirs [farm owners], that they lend us only to live ...the goal is to have something that is ours (Interview 11).

²⁵³ An exception is a temporary worker who learned about the concept from the local NGOs trainings.

Most interviewees emphasized the advancement of workers' capabilities to be empowered, but they also highlighted the importance of the collective to promote social change. In addition, participants mentioned the importance of upholding workers' labor obligations to the farm owners to ensure their well-being. Although workers presume reciprocity,²⁵⁴ they are unlikely to hold owners accountable for unfulfilled expectations.

7.9.5 Empowerment Challenges and Opportunities Identified by Workers

At Masaya, participants reported that job termination fear was the main source of workers' disempowerment. The sole household reliance on workers' farm income, lack of employment availability in the region, and limited workers' mobility²⁵⁵ significantly contributed to workers' unwillingness to complain about the labor conditions. In addition, poor supervisory treatment and lack of workers' unity are common disempowerment factors in worker-management relations that hinder individual agency. One interviewee said that he did not complain about labor issues because co-workers would not support him and in some cases they would deny that something was wrong. In terms of worker-worker interactions, some interviewees stated disempowerment from intra-group competition and lack of workers' cohesion. One participant showed frustration with her co-workers' discouraging comments towards her increased ability to harvest coffee. For her, these detrimental interactions among workers are incomprehensible since they all experience similar labor challenges. Other participants indicated other disempowerment occurrences related to management biases towards some workers, gender labor inequalities, increased workloads, and lack of bargaining power.

²⁵⁴ In reference to the worker- management relational expectations in which workers' labor efforts not only benefit their families but the farm. In exchange, workers expect management recognition for their efforts via salary and employment.

²⁵⁵ Many workers live in remote areas without access or funds for public transportation, and estates do not generally provide work transportation. These factors significantly restrict their employment mobility.

In terms of empowerment opportunities, workers said that the Fair Trade USA certification had enabled greater agency. All workers' empowerment examples were related to Fair Trade and the infrastructural farm changes resulting from the certification. In particular, some workers mentioned the Fair Trade USA Premium investment as an empowerment opportunity for workers and their families. However they did not discuss the connection between well-being and empowerment. In addition, workers said that after the certification they were able to voice their opinions and participate in decision-making processes for worker-led projects. For them, the establishment of the Fair Trade Committee was instrumental for workers' engagement and the betterment of worker-manager relations. The committee is an official platform in which dialogue can take place. One participant illustrated:

Another aspect [empowerment opportunity] is the inclusive participation because before [the certification] there was no participation of worker. Now when the people have a small problem, they see that we are in the committee and maybe cannot contact management directly, they tell us and we bring the issues to the committee to search [together] for a possible solution for a problem...so the participation, I believe, that is given now, although not directly to management because the people sometimes have fear, is given through us from the Committee...we are like a bridge...I believe that participation is very important now... (Focus group 4).

For workers, the term empowerment is directly associated with the Fair Trade USA certification, rather than grassroots initiatives or local interventions.²⁵⁶

7.9.6 Pathway to Empowerment

Masaya workers' pathway to empowerment significantly diverged based on gender. All male interviewees stated desire to be agricultural property owners. For them, land ownership is a vehicle to economic stability and empowerment, the process that enables its acquisition. Many participants mentioned agricultural working challenges and the importance of education for

²⁵⁶ It is not clear whether workers are able to clearly conceptualize the term outside the certification context.

livelihood advancement, however basic-need deprivation²⁵⁷ often deters educational attainment.²⁵⁸ Despite minimal upward income mobility chances, male workers' empowerment realization aspirations entailed leaving the hired laborer employment category to become landowners. In contrast, female workers indicated desires to become teachers, mothers, housewives and homeowners. Almost all participants mentioned the Fair Trade USA certification as the starting point for their empowerment pathway. One worker stated the importance of taking advantage of the certification resources to transform their desires into outcomes. While workers clearly defined the stages of their empowerment pathway, they did not explain how the certification might concretely assist in each phase. Overall, workers viewed the certification as an empowering mechanism with immediate well-being and labor condition impacts. However they did not make any connections between resource access and expansion, and empowerment outcomes. The findings also indicate significant certification impacts in the realm of workers' perceptions and impressions that social change is possible. Workers' increased hope is a potential motivational source for agency, indicating that the availability of tangible resources is insufficient for empowerment realization if they cannot recognize how resource utilization contributes to empowerment attainment.

7.10 Gender Relations, Equity and Women's Empowerment

In Masaya, female and male farm workers receive equal hourly pay and employment benefits, however there are still gendered labor inequalities. While men are employed full-time, all female workers are on an employment rotation schedule, working only 15 days each month.

²⁵⁷ Many workers mentioned occurrences where their children did not attend school because they did not have money for their school supplies or transportation. For them, educational attainment is conditional on income availability beyond food needs.

²⁵⁸ Children often follow their parents' employment footsteps, having marginal changes in intergenerational income mobility.

Employment rotation is not new at this farm. In fact, many workers stated being on a rotation in previous years due to lack of sufficient work. However, during low employment periods, female workers are more vulnerable to employment changes than men. Female employment instability results largely from gender dynamics and stereotypes. For management, the prioritization of male labor is because female workers are not able to accomplish the same productivity levels and tasks as their male counterparts. On the other hand, the rotation system is a compromise between management's gender biases and the recognition for women's employment needs. Management stated that the rotation system is a temporary employment solution to ensure work access to all female workers during low production times. It is based on the assumption that women's husbands are the main household income provider,²⁵⁹ viewing women's wages as a supplement or bonus. Even though women perform most of the same tasks as men, gender stereotypes influence job placement at the farm.²⁶⁰ Women are the preferred labor to plant coffee seeds and transport seedlings because they pay greater attention to details, aligning and covering the seeds and handling the seedlings with care. One manager said that women perform these tasks because of:

...the patience that the woman has to make things better. Men do not pay attention where they put it [the seeds] or fill [the holes] with dirt; they do not pay attention, they do not like it...thus women are better to give them this task to work...men can [perform this task], but they do not pay attention, thus they do not do it. Then, women do it and after four months the planting of the coffee [seeds] takes place and women also participate. They participate in the transportation of the seedlings to where they will be planted, so they carry the plant and the men go sowing them, then it is a mixed work [of female and male workers] (Interview 3).

²⁵⁹ Some female interviewees mentioned spouse abandonment fears, since they were dependent on the male's income and labor for survival.

²⁶⁰ And it is often times reproduced by them. One participant stated "...I know that we [women] are strong and able to work, but this task [tree pruning] is more complicated and requires more strength..." (Focus Group 2).

In addition, women are excluded from pesticide application and²⁶¹ pruning tasks, machinery operation²⁶² and are absent from management positions.

Gender inequalities are not only present in management's employment practices, but also internalized by female and male workers as cultural norms. In the household sphere,²⁶³ the findings indicate that women are active participants in their own oppression, as they do not challenge the unequal household division of labor. Women's participation in gender system reproduction goes beyond the unquestioned acceptance of power inequalities to normative sanctions when other females cross gender boundaries or fail to comply with particular gender roles. One participant stated that her female friends and neighbors often criticize her for not fulfilling normative spousal duties or household tasks.²⁶⁴ On the other hand, women reproduce gender inequalities from a fear-based standpoint, believing they are not able to change the status quo, leading them to perform gendered household chores to avoid domestic abuse. In fact, many participants stated that they counsel their friends to do their household duties to have a more peaceful life:

...couple of friends do not worry about doing the household chores...and when their husband arrive the abuse starts. Then, I say that it would be good to give advice to these friends to do their household obligations for them not to be mistreated...they receive mistreatment because they go to their neighbor or watch soap operas instead of fulfilling their household duties...this is when male abuse starts. (Focus group 1).

Women do not, per se, argue about the unequal nature of the household division of labor, but they question the lack of male recognition for their unpaid work. Many participants complained about the lack of male respect and acknowledgement for domestic labor. Although women are

²⁶¹ The rationale is that women do not have the upper body strength to carry the pesticide tanks and for reproductive contamination concerns.

²⁶² E.g. Coffee Beans Harvester.

²⁶³ The unpaid work (household work, elder care and child rearing) is predominantly performed by women and young females.

²⁶⁴ In particular, male and female reactions are heightened when a man is seen performing a woman's task.

aware of the double-shift inequalities and the importance of their unpaid labor for the family's survival, their household role is inculcated as innate gender obligations. In other words, women seek to modify some patriarchal practices without challenging its foundation:

...we [women] are the first to get up and the last to go to bed until everything is tied-up at home so that the next day we do not have to wake-up in the dark to do it and sometimes there are some partners who come from work and shout at us that we do not do anything (Focus group 1).

Women are aware that they have equal rights as men, but they often times have conflicting discourses about gender participation (or lack of) in household chores, justifying their absence in performing certain tasks based on their lack of abilities. Furthermore, like men, women also value some household chores over others, and place greater worthiness in workplace employment and the role of men. One participant said that males had greater power because men knew the work better in the workplace and are the head of the household (greater value in the type of tasks they perform).²⁶⁵ Lastly, although patriarchal relations are still predominant in the participants' households, most female interviewees said that they are involved in the household decision-making at some level. Women are more involved in children's education and health decision making. In terms of income expenditure, many female participants stated mutual household agreement for food purchases.²⁶⁶ No female participant stated *current* domestic abuse or sexual violence.

In the workplace, male and female workers oftentimes reproduce gender inequalities.²⁶⁷ When challenging it, they were more likely to question gender employment than household

²⁶⁵ In reference to men's work in their subsistence agricultural plots.

²⁶⁶ Workers' entire income is usually spent on food purchases, which sometimes is sufficient to feed an entire family, leaving them with no extra income for savings or other household purchases. Thus, workers stated that there are not many discussions about income expenditures.

²⁶⁷ Interestingly enough, one female participant talked about differences in gender relations between rural and urban areas (e.g. men's cooking abilities and women's freedom to attend different events in the capital), emphasizing gender role rigidity and flexibility in respective locations.

inequalities. A few male participants stated that a number of female workers are equally able to perform the same jobs as men, focusing on the individual's ability rather than gender-based differences. Meanwhile, no male participants questioned the unequal gender division of labor in the household. Female workers rejected gender differences in job performance and questioned the unequal gender employment opportunities such as the work rotation system, but reinforced gender task restrictions, stating that they are unable to perform particular tasks. It is unclear why female workers reinforce or challenge particular gender inequalities over others. However, there are indications that at subsistence levels, women are more likely to question gender inequality that hinders women's economic advancement than social or domestic advancement. Despite women's awareness of limited employment, women continuously criticized unequal labor access from a basic-need-deprivation standpoint. In that, women want employment access for family survival rather than emancipatory or human rights reasons. It is important to note that gender biases do not only impact male-female relations, but also women's intragroup interactions. One female participant illustrated this point when she said that some female workers compete among themselves to show management that they can equally perform the work as men to ensure employment security.

These women's definition of empowerment was congruent to the one provided above, however there are distinct empowerment processes that affect women. Although both male and female participants indicated disempowerment from lack of respect, male workers often referred to worker-management relations while women were more likely to talk about male-female or female-female worker interactions. Female participants rarely confronted the ones who humiliate them. Even among workers, one participant said that she fears advocating for herself and often turns to God for consolation:

We [women] are humiliated...there are people that humiliate me, but I say that it does not matter that I am humiliated, offended or that people call me names... because there are moments when one imposes herself on to others, there is no one to tell that someone discriminated against me or said that I am not worthy...I believe there is a God that really exists and this God will comfort me...one for fear leave things like this, to mistreat one...this just happened to me in the last two weeks I was working (Focus Group 1).

Some female participants felt mistreated by their direct supervisor and many of them complained about preferential treatment in work performance feedback. When asked about the possibility for women to organize, all female participants stated challenges to participate in meetings or gatherings, often referring to child rearing obligations, household chores or male supremacy for their lack of engagement. One participant stated:

Men think that they are their own bosses and do not have to ask permission or even to say that they were invited for a workshop or take us into account...but he enlists and goes, but does not say where [he is going] ...in that, we are always belittled...because if a female worker wants to go to a workshop and her husband does not let her go because she has other things to do [in the household], she feels undermined for not going and maybe she really wanted to participate...maybe for these reasons, I think, women are not organized (Focus Groups 1.6).

When women participate in after hour trainings and workshops, they said that they often have to complete the household tasks before leaving the house. In comparison to men, women are less likely to express their opinions. Although women recognize equal bargaining rights, they acknowledge that they have less negotiation capacity than men.²⁶⁸

The Fair Trade USA standard prohibits gender discrimination (see Fair Trade USA 2014:90), but it is unable to prevent gendered interactions that continuously disempower women. Additionally, when addressing institutionalized workplace practices, the certification might even

²⁶⁸ Many female participants cited gender inequalities as significant contributing factors for their lack of involvement, participation, decision-making and rights claim.

exacerbate or generate other unintended gendered impacts. Many female participants stated that when working, the household chores and child rearing responsibilities are left to their older female children.²⁶⁹ Without addressing gender inequalities in the household, the certification transfers women's unpaid labor to young females.

Overall, female participants stated the Fair Trade USA certification has made significant contributions to improve their livelihoods and labor conditions. Aside from the certification impacts previously discussed, female workers said that they feel more integrated in the workplace with the certification meetings, workshops and household visits by the Fair Trade worker representatives. They also said that the certification gave hope for a better future and increased their self-esteem. Both male and female interviewees²⁷⁰ thought that the certification could assist in providing more equitable employment opportunities. However, many male interviewees focused on labor condition improvement, whereas female participants emphasized the certification's role in addressing gender disparities in the household. Female participants think that certification can assist in modifying male's behavior through gender awareness trainings and workshops to mitigate household abuses. For them, it is arduous and burdensome work to change men's mindsets to rethink gender relations, and its impact on women. Female interviewees said that specialized trainings targeted to men are needed for them to value women's work, and importance to the family and society. However, a couple of women said the majority of men do not like to participate in gender equity trainings because they think it is *madness* as it reframes the concept of *masculinity*. For women, these trainings are critical to open men's minds about gender rights. Female interviewees hope that the certification will increase women's rights awareness at the farm. In the workplace, female participants suggested management trainings to address the

²⁶⁹ There is no childcare in the farm or region.

²⁷⁰ Although, more the latter than the former.

lack of supervisory respect towards women and more certification intervention to eliminate employment rotation based on gender. Female participants believe that the certification can assist women in establishing income-generating opportunities to conciliate their unpaid work and economic needs. Lastly, female interviewees wished for work transportation to address fatigue and safety concerns.

Masaya established a gender policy while becoming certified to: 1) ensure that trainings and other programs address the needs and skill development of women, and 2) secure women's opportunities and access to the benefits of fair trade. In a five-year action plan, Masaya has stated its intention to: 1) promote awareness about the gender policy in the workplace through workshops, 2) establish strategic partnership with public and private community entities, 3) strengthen worker's organizational capacity to implement the gender policy, 4) promote women's active participation in the management and execution of projects related to the certification, and 5) evaluate the effectiveness of the gender policy. The establishment of a gender policy is a noticeable attempt to address gender inequalities, yet it is unclear how it will change unequal gender relations at Masaya when management practices²⁷¹ and discourses often contradict the policy. In addition, the policy evaluation measures²⁷² mainly focus on equitable participation percentages instead of measuring changes in cognitive action or skill development levels of male and female workers. Lastly, the gender policy ignores the employee-employer power asymmetry and the farm's role in reinforcing gender inequality through labor policies, organization and relations.

7.11 Conclusion

In Nicaragua, Fair Trade USA certification significantly contributed to workers' well-being by enhancing housing infrastructure, securing health and occupational safety practices,

²⁷¹ E.g. employment rotation of female workers, freedom to collectively organize, etc.

²⁷² The gender policy plan of action only displayed the execution schedule for year 0.

improving overall working conditions and upholding national laws. The Fair Trade USA certification provided noteworthy short-term impacts in Nicaragua as the coffee estate transitioned from conventional to Fair Trade Certified. The significant changes implemented to comply with certification requirements immediately ameliorated workers' livelihoods, labor conditions, and increased workers' hope and aspirations essential in empowerment processes. Although management-worker relations are far from desired, workers reported significant relational improvements with the implementation of the Fair Trade Committee and General Assemblies, increasing workers' participation, decision-making and dialogue. While Fair Trade USA certification attempts to secure basic workers' rights compliance, its impact to advance labor rights is limited in the context of authoritative power disparities. Fear of job termination, intra-group disempowerment and lack of collective organization were factors that hindered workers' rights expression. In summary, the Fair Trade USA certification showed greater effectiveness to safeguard national labor laws and ILO conventions compliance, than advancing workers' rights in Nicaragua.

References

- Baumeister, Eduardo. 2012. "The Politics of Land Reform." Pp. 245-68 in *The Sandinistas and Nicaragua since 1979*, edited by D. Close, S. Puig and S. McConnell. Boulder, CO: Lynne Rienner Publishers.
- Bolaños, Jimmy. 2017. "Nicaragua Coffee Annual Report." Washington D.C.: USDA Foreign Agricultural Service.
- Booth, John, Christine Wade and Thomas Walker. 2015. *Understanding Central America: Global Forces, Rebellion, and Change*. Boulder, CO: Westview Press.
- Charlip, J. 2003. *Cultivating Coffee: The Farmers of Carazo, Nicaragua, 1880-1930*. Athens: Ohio University Press.
- Constitute Project. 2014, "Nicaragua's Constitution of 1987 with Amendments through 2005": Oxford University Press. Retrieved 14 July, 2017 (https://web.oas.org/mla/en/Countries_Intro/Nica_intro_textfun_eng_1.pdf).
- Deininger, Klaus, Eduardo Zegarra and Isabel Lavadenz. 2003. "Determinants and Impacts of Rural Land Market Activity: Evidence from Nicaragua." *World Development* 31(8):1385-404.
- Enriquez, Laura. 1997. *Agrarian Reform and Class Consciousness in Nicaragua*. Gainesville: University Press of Florida.
- Enriquez, Laura. 1991. *Harvesting Change: Labor and Agrarian Reform in Nicaragua, 1979-1990*. Chapel Hill: University of North Carolina Press.
- Envio Team. 1984, "Nicaragua's Labor Unions in the Face of Aggression". Retrieved 5 July, 2017 (<http://www.envio.org.ni/articulo/3915>).
- Everingham, Mark. 2001. "Agricultural Property Rights and Political Change in Nicaragua." *Latin American Politics and Society* 43(3):61-93.
- Fair Trade USA. 2014, "Fair Trade USA Farm Workers Standard: Guidelines for the Implementation and Interpretation of the Farm Workers Standard": Fair Trade USA. Retrieved 23 February, 2016 (http://fairtradeusa.org/sites/all/files/wysiwyg/filemanager/FWS_Guidelines_EN_041014.pdf).
- Fair Trade USA. 2016, "Fair Trade USA 2016 Almanac": Fair Trade USA. Retrieved 12 February, 2018 (https://www.fairtradecertified.org/sites/default/files/filemanager/documents/FTUSA_MAN_Almanac2016_EN.pdf).
- Fairtrade International. 2017. "Monitoring the Scope and Benefits of Fairtrade." *Ninth Edition*. Bonn, Germany: Fairtrade International.

- Global Finance. 2016, "Nicaragua GDP and Economic Data": Global Finance: Global news and insight for corporate financial professionals. Retrieved 15 June, 2016 (<https://www.gfmag.com/global-data/country-data/nicaragua-gdp-country-report>).
- Harris, Richard. 1987. "The Revolutionary Transformation of Nicaragua." *Latin American Perspectives* 14(1):3-18.
- ICO. 2016, "Nicaragua: Coffee Trade Stats": International Coffee Organization. Retrieved 7 July, 2016 (https://infogram.com/_/tYXtBEtFFTmUuaVIQSHo).
- INIDE. 2012, "Anuario Estadístico": Sistema Estadístico Nacional. Retrieved 12 July, 2016 (<http://www.inide.gob.ni/Anuarios/Anuario%202012.pdf>).
- Luttinger, N. and G. Dicum. 2006. *The Coffee Book: Anatomy of an Industry from Crop to the Last Drop*. New York: New Press.
- Mendez, Jennifer B. 2005. *From the Revolution to the Maquiladoras: Gender, Labor, and Globalization in Nicaragua*. Durham: Duke University Press.
- Merrill, Tim. 1993. *Nicaragua: A Country Study*. Washington: GPO for the Library of Congress.
- Mosquera, Erika and Martha Del Rio. 2015. "Measuring and Assessing Impacts of Fair Trade USA on Farm Workers in Nicaragua." *Infographic*. Cali, Colombia: International Center for Tropical Agriculture (CIAT).
- Paige, Jeffery. 1997. *Coffee Power: Revolution and the Rise of Democracy in Central America*. Cambridge: Harvard University Press.
- Raynolds, Laura T. and Claudia Rosty. Forthcoming. "Fair Trade USA Coffee Plantation Certification: Ramifications for Workers in Nicaragua."
- Ruben, Ruerd and Zvi Lerman. 2005. "Why Nicaraguan Peasants Stay in Agricultural Production Cooperatives." *European Review of Latin American and Caribbean Studies* 78:31-47.
- Saten, Clifford. 2010. *The History of Nicaragua*. Santa Barbara, CA: Greenwood.
- Sinclair, J. 2007. "Navigating Origins: Nicaragua." *Roast Magazine*, May/June 2007, pp. 118-19.
- Stahler-Sholk, Richard. 1987. "Building Democracy in Nicaragua." in *Liberalization and Redemocratization in Latin America*, edited by G. Lopez and M. Stohl. New York: Greenwood Press.
- USAID. 2011, "Property Rights and Resource Governance": United States Agency International Development. Retrieved 24 May, 2016 (https://s3.amazonaws.com/landesa_production/resource/1352/USAID_Land-Tenure-Nicaragua-Profile-2011.pdf?AWSAccessKeyId=AKIAICR3ICC22CMP7DPA&Expires=1508990247&Signature=BmmyInp%2BVISIsbNnbMWxSJOdq0o%3D).

- Valkila, Joni and Anja Nygren. 2010. "Impacts of Fair Trade Certification on Coffee Farmers, Cooperatives, and Laborers in Nicaragua." *Agriculture and Human Values* 27(3):321-33.
- Prevost, Gary and Harry Vanden. 1993. *Democracy and Socialism in Sandinista Nicaragua*. Boulder, CO: Rienner.
- Walker, Thomas and Christine Wade. 2017. *Nicaragua: Emerging from the Shadow of the Eagle*. Boulder, CO: Westview Press.
- Wheelock, Jaime. 1975. *Imperialismo Y Dictadura: Crisis De Una Formacion Social*. Mexico: Siglo Veintiuno Editores.
- Wolf, Eric. 1982. *Europe and the People without History*. Berkeley, CA: University of California Press.
- World Bank. 2016, "Rural Population (% of Total Population)". Retrieved 16 May, 2016 (<https://data.worldbank.org/indicator/SP.RUR.TOTL.ZS>).

CHAPTER 8: CROSS-NATIONAL COMPARISON

8.1 Introduction

As an independent private regulatory system, the Fair Trade USA certification provides universal standards that are implemented in an array of contexts and changing environments, producing different outcomes and potential unintended impacts. As reported in Chapters 6 and 7, the Fair Trade USA certification benefits to hired laborers regarding workers' well-being, empowerment and gender equity vary significantly in Brazil and Nicaragua. Differences in farm structure, organization and production present distinct certification challenges and opportunities that cannot be understood outside their social, political and economic contexts. This chapter provides a comparative analysis of how Fair Trade USA may empower workers and promote gender equity while highlighting the intersections between national contexts and certification outcomes. This chapter identifies the central contextual factors that shape how workers benefit from the Fair Trade USA certification and compares the immediate certification impacts. Lastly, this chapter demonstrates how the Fair Trade Premium promotes workers' well-being, and the opportunities and challenges in promoting worker's empowerment and gender equity in Brazil and Nicaragua. Considering the lack of Fair Trade USA scholarly studies, these findings are carefully situated within the fair trade literature.

8.2 Contextual Factors

Land concentration and disputes persist today in both Nicaragua and Brazil. However Brazil never experienced land reforms favoring the poor that restructured agricultural land distribution and labor relations like in Nicaragua during the Sandinista revolution. The Brazilian rural uprising demanded radical land reforms in the 1960s, but a military coup established a

dictatorship, and implemented only moderate agrarian reforms. Over the years, the Nicaraguan agrarian reform benefited the peasants or the elite at different times; but in Brazil, the land concentration changed little over time as land reforms mainly benefitted rural capitalist interests. In Brazil and Nicaragua, coffee remains an important national commodity, however, coffee was never as important in Nicaragua as in Brazil. While in Brazil, the coffee elite played an active role in the state, regulating coffee prices and production, foreign intervention prevented Nicaraguan coffee elites from seizing state power (Paige 1997).

Brazil and Nicaragua cultivate coffee differently. Brazil relies on agro-industrial production of sun grown coffee mechanized harvesting on flat areas. Nicaragua depends on manual labor to produce shade-grown coffee with low chemical inputs, cultivated in uneven landscapes alongside forest trees. Nicaraguan agricultural production is dominated by the peasant sector and many of the rural reforms addressed agricultural labor shortages in the agro-export sector. Although not abandoning subsistence farming, peasants often worked on agro-export estates to subsidize their income and access land. While the proletarianization process was intensified during the Samozá era, the semi-proletariat persisted in Nicaragua. Vestiges of pre-capitalist patron-client relations are still present in Nicaragua and in the Fair Trade Certified farm. Unlike Nicaragua, Brazil did not historically rely extensively on the peasantry for agro-export production. The expansion of capitalism and industrialization occurred much earlier in Brazil and the country never carried out radical land reforms like Nicaragua. As a result, Brazilian labor relations and agricultural organization are quite different. The Brazilian workforce is mainly constituted of rural workers and migrant laborers expelled from the countryside into nearby cities, who commute to agricultural fields for employment.

In terms of collective organization, Brazil has stronger labor laws than Nicaragua, stronger unions and labor movements, and stronger collective bargaining and workers' rights. In Brazil, unions emerged in the first half of the twentieth century with workers organized into professional category unions by geographic zones, financed by an involuntary union tax. This model was in place until very recently, but within the context of the contemporary financial crisis in Brazil (2014-2016), labor regulation began to weaken in favor of more flexible labor relations to boost the economy. For example, collective bargaining could not supersede labor standards if they did not meet the labor law.

Poverty is significant in Brazil and Nicaragua, however, the Nicaraguan people face greater economic challenges and higher poverty. Nicaragua is one of the poorest countries in Central America and relies heavily on agricultural exports like coffee, cotton and sugar. In Nicaragua, 45 percent of the population survives on less than one dollar a day (Saten 2010:11), and 37 percent of the Nicaraguans are unlikely to leave poverty (Vakis, Rigolini and Lucchetti 2015). In contrast, Brazil, the largest economy in Latin America, relies much less on traditional agro-exports and is far wealthier. Brazil's national average income is five times higher than in Nicaragua²⁷³ and the share of the population living in poverty is far lower²⁷⁴ (World Bank 2016a; 2016b; 2016d). In addition, poverty in Nicaragua is predominately a rural rather than an urban issue (World Bank 2016a) while this does not hold true in Brazil (CEPAL 2015 in Soto Baquero and Klein 2012). In Brazil, only 15 percent of the total population lived in the countryside in 2014, while almost half did in Nicaragua (World Bank 2016c).

²⁷³ In 2015, Brazil's GNI per capital was nearly US\$ 10,000 in comparison to only approximately US\$ 2,000 in Nicaragua. (World Bank 2016d).

²⁷⁴ Even though poverty in Nicaragua has sharply fallen from 48 percent in 2005 to 29 percent in 2014, only 7.4 percent of the Brazilian population lives below the national poverty line (World Bank 2016a; 2016b).

The two research sites reflect the larger national poverty trends, with much higher poverty among the Nicaraguan rural workers. In Nicaragua, 34.1 percent of households do not have basic services like sewer, indoor toilets and potable water (Booth, Wade and Walker 2015). In 2012, only 0.5 percent of the Brazilian population did not electricity as compared to 20 percent in Nicaragua (World Bank 2017). At the research site level, the data confirms lower living standards and labor conditions of Masaya workers. Workers on the Fair Trade Certified plantations in Nicaragua received a monthly salary²⁷⁵ of US\$128 as compared to US\$307 on the certified plantation in Brazil²⁷⁶ (Mosquera and Del Rio 2015; Del Rio, Sellitti and Gutierrez 2016). While 52 percent of workers at Masaya were below the national poverty line, only 17 percent of Parati's workers were (Mosquera and Del Rio 2015; Del Rio et al. 2016). The Parati workers spent more years in school²⁷⁷ and they had significantly greater access to health services²⁷⁸ than their Nicaraguan counterparts (Mosquera and Del Rio 2015; Del Rio et al. 2016). While almost all workers had a written contract in Parati, only 18 percent did at Masaya (Mosquera and Del Rio 2015; Del Rio et al. 2016).

The research findings show the precarious living standards of workers in Masaya in contrast to Parati. Despite the recent household access to electricity, water and latrines in Masaya because of Fair Trade USA certification, almost all households lacked sewer and gas access. Unlike Parati workers,²⁷⁹ many Nicaraguan workers live in wooden houses with hard dirt flooring. In Parati, all interviewed workers had indoor toilet and shower, furniture, and multiple appliances including refrigerator, television, gas stove and microwave. In addition, many Brazilian workers

²⁷⁵ The Brazilian Fair Trade Certified workers are significantly more likely to supplement their annual household income with other activities than Nicaraguan workers (Mosquera and Del Rio 2015; Del Rio et al. 2016).

²⁷⁶ CIAT interviewed temporary and permanent workers in both farms.

²⁷⁷ An average of approximately two additional years of education (Del Rio et al. 2016).

²⁷⁸ Nearly 82 percent in Brazil against 52 percent in Nicaragua (Mosquera and Del Rio 2015; Del Rio et al. 2016).

²⁷⁹ All interviewed Brazilian workers had indoor toilet, electricity, water, and gas access.

stated computer possession, household Internet access, and car or motorcycle ownership. Nicaraguan workers did not possess²⁸⁰ these household amenities.²⁸¹ The Masaya workers experience more financial and livelihood struggles than their Brazilian counterparts. Nicaraguan average household size was bigger²⁸² than in Brazil, and all Nicaraguan interviewees stated economic difficulties to afford staple foods.²⁸³ In fact, the CIAT survey indicated that only 11 percent of the Nicaraguan worker households had food security, in comparison to 73 percent in Brazil (Mosquera and Del Rio 2015; Del Rio et al. 2016). Masaya workers stated that most of their salary was designated to food purchase²⁸⁴ with the remaining spent on children's education and health needs.²⁸⁵

The differences in living standards and labor conditions between the Fair Trade Certified coffee plantations in Brazil and Nicaragua were also evident from the workers' perspectives, and corroborated by a Brazilian worker's statement:

The Nicaraguan workers receive about \$15 Reais per day while we make \$35 per day. I thought I made less...here we have more labor benefits. Workers in Nicaragua leave home at 3:30am and they walk to work. I wake up at 5:30am and I have transportation. I think I would starve if I live there because I thought things were difficult here, but there it is much harder. Workers receive less than us, their lives are strenuous, it is more labor intensive employment and they still have to walk to work. In Nicaragua, it is much harder than in Brazil because here the labor laws protect the workers and there I think it is the opposite. It benefits more the farm owners than workers. And people still complain about it here. After this experience, I stopped complaining because it could have been much worse (Interview 3).

²⁸⁰ With the exception of television.

²⁸¹ A typical Nicaraguan workers' household consists of outdoor wooden stove, latrines and shared showers, television, plastic chairs and table, and rustic bed frames.

²⁸² An average household size of the Fair Trade Certified Nicaraguan workers was 5.2 against 3.5 in Brazil (Mosquera and Del Rio 2015; Del Rio et al. 2016).

²⁸³ Many Nicaraguan workers stated famine instances on a reoccurring basis.

²⁸⁴ With no additional income to invest on household amenity purchases such as furniture.

²⁸⁵ Particularly in larger-sized households, Nicaraguan workers stated instances where they had to remove their children from school because they could not afford basic educational materials and transportation costs.

8.3 Fair Trade USA Impacts

As demonstrated in previous chapters, Fair Trade USA promotes workers' wellbeing and can make significant immediate impacts on workers' labor and livelihood conditions. This section discusses the Fair Trade Premium investment, the immediate certification impacts and workers' certification awareness in Brazil and Nicaragua. These findings are summarized in Table 8.1. Fair Trade USA does not only benefit the most vulnerable. The Fair Trade USA standards define *workers* as all permanent and temporary workers including sub-contracted individuals employed by the certified farm (Fair Trade USA 2014:5), and does not define which professional categories can be part of the Fair Trade Committee and access the Premium. This ambiguity generates variation in the Committee composition and Premium access in Fair Trade Certified farms, and raises issues as to whether the field workers (the most vulnerable category) are primarily benefiting from the certification. Masaya restricts the Fair Trade Premium involvement and access to field workers. But Parati defines *workers* as any professional category that is not part of the management team, including (tractor) drivers, security guards, cleaning and beneficio²⁸⁶ staff, and nurses to name a few, and these professional segments participate in the General Assemblies and Committee (as candidates, representatives and voters), and access the certification benefits.

The question is whether these professional categories are in need of fair trade and if their needs should be equally considered to the needs of the field workers. For instance, in the last election, one of the female candidates who ran against two field workers was a nurse. Considering the differences in educational experience, job function and compensation, how will this nurse benefit from the Fair Trade Committee in terms of empowerment compared to a field worker? Whose voice will she represent? Will she be able to truly represent the voices of the most

²⁸⁶ Coffee mill; processing plant.

vulnerable? These questions not only warrant considerable reflection about the structure, management and investment of the Fair Trade USA Premium, but they also bring to light deeper issues about the Premium's contribution to workers' empowerment.

In addition, not all field workers equitably benefited from the Fair Trade USA certification. Although Nicaraguan workers were more likely to report direct or indirect benefits, the most marginalized workers were less likely to participate or be involved with the certification. The lack of literacy was the main deterring factor reported by workers in both countries. However, even among the most marginalized, Brazilian workers were still more likely to participate, challenge the status quo and engage in rights advocacy than Nicaraguan workers. Vestiges of patron-client relations, absolute deprivation, lack of employment alternatives, weak labor laws and oversight, housing-employment arrangements, lack of literacy, and top down power relations in Nicaragua were the main aspects observed in the field and stated by workers. Although more research is needed, it seems that these factors contribute to explaining why the certification provided more hope, courage, advocacy and self-esteem among the Nicaraguan workers than in Brazil. In other words, the certification might potentially have a greater intangible impact fundamental for agency realization in more vulnerable and marginalized settings.

Table 8.1. Fair Trade USA certification impacts summary in Brazil and Nicaragua.

	Brazil	Nicaragua
FT Premium	<ul style="list-style-type: none"> • Childcare center remodel and expansion. • Computer classes. • X-ray equipment purchase. • Backpack purchase. 	<ul style="list-style-type: none"> • Latrine, eye exam and glasses (Funds donated by Fair Trade USA). • Low interest loans (seed purchase and home repairs/improvement). • Food and transportation assistance for children's education. • Basic grocery basket for the elderly.
Immediate Impact on workers	<ul style="list-style-type: none"> • Not observed. 	<ul style="list-style-type: none"> • Improvement in living conditions (housing infrastructure improvements and basic household service access). • Improvement in labor conditions (health and occupational safety; meeting national labor regulations).
Unintended impact on workers	<ul style="list-style-type: none"> • Not observed. 	<ul style="list-style-type: none"> • Increased workload. • Unrealistic labor expectations.
Certification Awareness	<ul style="list-style-type: none"> • Many workers were unaware^a of the certification. 	<ul style="list-style-type: none"> • Almost all workers knew about the certification.

^a Workers in the farm unit 3 were aware of the certification because the Premium was invested there.

8.3.1 Fair Trade Premium

In Brazil and Nicaragua, the Fair Trade Premium was invested either to promote community-wide benefits or worker-centered projects. In Nicaragua, the first Fair Trade Premium was invested in loan concessions, school transportation assistance for children, and basic grocery baskets for the elderly. Whereas in Brazil, the Premium co-funded improvements in a daycare center and computer classes to workers. While Nicaraguan workers continued to fund the same programs with the second Premium, the Brazilian workers purchased x-ray equipment for a local

hospital and backpacks²⁸⁷ for workers. The projects financed by the Fair Trade Premium were directed towards the social and economic needs of workers. Reynolds (2012) reported similar benefits from Fairtrade International certification for rural workers in the flower sector (with Premium investments in training courses, child-care centers, food subsidies and loans). The use of the Fair Trade USA Premium may change since the new standards permit that the Premium be devoted to cash payouts or that up to 20 percent of funds be invested in farm property, if matched by employers, for on-site facilities improvements utilized by and benefiting workers (Fair Trade USA 2017a:107).

The findings also shed light on the relation between fair trade and the state. The expenditure of the Fair Trade Premium on public services like x-ray equipment bring the role of the state to the fair trade debate. Fair trade emerged as an alternative approach to address unfair trading relations and the state's eroding ability "to regulate the social welfare of workers" (Besky 2008:3). When the state fails to fulfill Constitutional rights and/or Human Rights provisions, is it the role of fair trade to step in and address community/workers' needs through the Premium? What type of relationship should fair trade have with the state to address social inequalities and poverty? What role (if any) should the Fair Trade Committees have with local governments to improve and expand community services? Should the Committee members examine how existing local public services are managed and distributed to better address workers' needs? It seems that more scholarly attention is needed to analyze the intersection of Fair Trade USA certification and the role of the state in protecting workers' rights. In her tea plantation study, Besky (2008:3) cautioned about the absence of the state as "fair trade certification takes regulatory power away from the state and places it in the hands of non-state actors." For her, this can be problematic because it leaves the

²⁸⁷ Ruben et al. (2008) also reported specific item purchases for hired laborers like bicycles.

question of social justice on plantations in the hands of ‘unaccountable’ private actors (Besky 2008:7). This research suggests that while the x-ray machine purchase benefited workers and their communities, it clearly deemphasized the state’s obligation.

Processes are important in achieving worker empowerment. In Brazil, there was a shift from collective to individual worker-led projects when the Premium decision-making was transferred to the General Assembly.²⁸⁸ This shift is somewhat related to workers’ dissatisfaction with past Premium investment decisions that prioritized particular farm units and workers’ needs. The Premium scarcity and workers’ perceptions that they are not directly benefiting from it, contributed to workers’ voting toward individual projects over collective needs. In other words, for workers, if the Premium is insufficient to benefit a significant portion of workers, then it should be invested in projects that enable greater shared access. The problem is not whether it is an individual or collective project in nature, but rather how the outcome and the process contribute to empowerment. For example, how will backpacks or long-sleeve shirts contribute towards greater worker agency, autonomy or emancipation? Greater emphasis should be placed on processes as well because the Premium investment sheds light on the type of resources needed to promote workers’ empowerment and the effective ways in which the Premium can contribute to this process.

Fair Trade USA certification provides intangible benefits that can contribute to workers’ empowerment. Rural workers in Brazil and Nicaragua received similar Fair Trade Premium amounts at the time of this research, however, variation in farm size and certification awareness resulted in uneven perceived certification benefits reported by workers. In the mid-size certified estate, the Nicaraguan workers stated that they directly or indirectly benefited from the

²⁸⁸ Workers voted for backpacks.

certification, either through infrastructural changes or through the Premium. The workers' led projects and housing improvements carried out after the certification bolstered workers' well-being, which is congruent with the literature (Darko, Lynch and Smith 2017; Nelson and Pound 2009). However, workers often stated intangible certification benefits like self-confidence, poverty reduction hope, increased self-esteem, and raising social change awareness. Some scholars reported similar benefits (Lyll 2014; Ostertag et al. 2014; Utting-Chamorro 2005), however they are not systemically captured in many fair trade studies. These intangible benefits are instrumental for agency realization and consciousness raising to identify and utilize existing resources. Unlike Nicaragua, the Brazilian participants mainly reported the tangible Fair Trade Premium benefits in the form of community projects, instead of basic needs initiatives.²⁸⁹

8.3.2 Immediate Significant Certification Impacts

Fair Trade USA certification had *immediate* significant impacts on improving the Nicaraguan farm workers' living conditions. After the certification, Nicaraguan workers experienced substantial improvements in housing infrastructure and basic household service access. This finding is congruent with significant improvements reported by small producer organizations involved in fair trade in Nicaragua (Utting-Chamorro 2005). However, these immediate certification impacts were not present in Brazil, largely because Brazilian farm workers living standards are higher than in Nicaragua. The Brazilian workers did not reside on the farm and 79 percent were already homeowners (Del Rio et al. 2016), with homeownership reducing workers' employment vulnerability, marginalization, and potentially bolstered workers' empowerment.

²⁸⁹ In Nicaraguan producer organizations, Utting-Chamorro (2005) also found similar basic needs improvements with the Fairtrade certification, indicating the strenuous living conditions of the rural population.

Due to their higher living standards, the Brazilian Fair Trade Certified workers did not experience *any significant* immediate²⁹⁰ changes with Fair Trade USA, unlike in Nicaragua. The same was found in terms of labor law compliance. Nicaraguan workers experienced significant impacts on upholding workers' rights guaranteed by the national laws after the Fair Trade USA certification, such as work shift compliance and workers' health and occupational safety. In contrast, no labor impacts were attributed to the Fair Trade USA certification in Brazil. This lack of immediate impact was mostly attributed to the compliance resulted from the endorsement of multiple certifications and the strict national labor laws that exceeded the ILO conventions and labor certification requirements. According to management, the only immediate change attributed to the Fair Trade USA certification in Brazil was the establishment of the Fair Trade Committee.

In both certified farms, workers did not experience higher wages after the certification. In coffee estates, the Fair Trade USA certification ensures wage compliance, but it is less likely to increase wages when not requiring farm owners to pay living wages to workers over time. In Nicaragua, the Premium has been used to address workers' basic need deprivation (e.g., food insecurity), *complementing* workers' income. The Fair Trade USA seems to subsidize low wages rather than change workers' impoverished conditions toward sustainable living standards.

In summary, the findings suggest that the Fair Trade USA certification has more significant immediate impacts on coffee estates in countries with weak labor legislation and oversight, and in plantations that are not meeting sectoral standards or labor laws. Second, plantations functioning below the Fair Trade USA minimum standards were more likely to experience greater positive immediate impacts than their counterparts operating above this threshold. Lastly, the findings

²⁹⁰ The certification immediate impacts refer to any significant changes carried out as condition to be Fair Trade Certified.

suggested that the Premium was more likely to be invested in basic human needs such as food and shelter in plantations at higher poverty levels.

This research finds that the benefits to workers from Fair Trade USA certification varies significantly based on farm organization structure and national contextual factors. Should Fair Trade USA focus its efforts on conventional estates in developing countries operating below certification standards for impact maximization? The answer is yes. The cross-country comparison clearly indicates greater positive impacts in Nicaragua towards workers' well-being, livelihood and labor conditions than in Brazil. Not only did Masaya workers live in greater poverty than their counterparts, the farm was operating below certification standards and did not continuously meet national labor regulations. In comparison to worker's certification benefits, farm owners in both countries are more likely to benefit from certification with niche market access and profitability. As Makita (2012:88) reported, while the "Fair Trade certification can overtly benefit the management of a certified plantation by improving accessibility to markets and generating stable, higher prices, the benefits for workers depend on how the management offer them an enabling environment." The desire to access a niche market was the sole determining factor for the Brazilian coffee estate to acquire the Fair Trade USA certification.²⁹¹

8.3.3 Unintended Impact

The Fair Trade USA communicates quality values through its certification process and many small producer organizations reported quality improvement in coffee cultivation and processing with fair trade (Renard 2005). The Nicaraguan participants stated that with coffee quality improvement, management provided coffee handling trainings, but required increased

²⁹¹ The Fair Trade Certified farm pilots who were unable to sell certified coffee left the certification after one year, indicating that management is likely to unilaterally keep the certification if benefiting from it even though their workers might be marginally or negatively impacted with the decision.

workload and unrealistic job expectations to meet quality standards after the certification. Other studies also reported that fair trade created more work for producers and organizations in comparison to conventional production and trade (Terstappen, Hanson and McLaughlin 2013:31). In plantations, Lyall (2014) suggested increased workload in the flower sector after the certification. These unintended certification impacts were not directly observed in Brazil, because Parati has other certifications that adhere with an array of requirements and it is highly mechanized. Management reported the importance of quality values in the coffee supply chain and emphasized the strict quality demands of Keurig Green Mountain.

8.3.4 Workers' Certification Awareness

Almost all Nicaraguan participants reported certification knowledge, described as a benefit to improve workers' wellbeing. Many of the Brazilian interviewees were unaware of the certification and could not articulate its purpose. In Brazil the lack of certification awareness was mainly attributed to the limited Premium amount unevenly distributed between geographically dispersed farm units and confusions over multiple certifications held by the farm. Similar findings were reported by Makita (2012)²⁹² about the limited visibility of fair trade in tea plantations. The variation in certification awareness is to some extent attributed to contrasting farm size. Although both certified farms received equal Premium amounts, the Brazilian workforce²⁹³ was almost twice the size as Nicaragua, limiting the Premium impact. Over time, one might expect certification awareness to grow in Brazil as workers participate and engage with the Premium. In the fair trade literature, there has been mixed findings about certification awareness. Some scholars reported

²⁹² Management reported challenges “for uneducated workers to understand the system of Fair Trade Premiums and manage the fund” (Makita 2012:99).

²⁹³ The Brazilian fair trade certified farm workforce is 1,178 workers (524 permanent; 654 temporary) against 630 workers (80 permanent; 550 temporary) in Nicaragua.

high levels of Premium awareness (Ruben and Fort 2012) while others stated poor understanding about the fair trade certification (Valkila and Nygren 2010).

8.4 Worker's Well-Being and Empowerment

The findings suggest that empowerment is more likely to occur when there is a catalyst or stimuli contributing to its realization. In Nicaragua and Brazil, the research shows that empowerment processes significantly rely on intangible resources such as facilitation trainings, workers' organization and leadership, or local NGO support. It is not that workers are unable to become empowered on their own, but rather that empowerment generally requires particular structural conditions that are not always present or consciously observed, needing a catalyst or stimulus for its realization. While Nicaragua's case showed the importance of local entities and training in this process, the lack of an empowerment catalyst in Brazil indicated workers' empowerment challenges. In summary, the Premium investment process in itself without purposive intervention is less likely to stimulate workers' critical thinking and connection between the Premium and agency that can lead to empowerment. Workers' well-being and empowerment at the individual, relational and collective levels in Brazil and Nicaragua is summarized in Table 8.2.

Table 8.2. Fair Trade USA certification well-being and empowerment impact summary in Brazil and Nicaragua.

	Brazil	Nicaragua
Workers' Well-being	Restricted to Premium projects.	Housing infrastructural improvements; increased health and occupational safety; Premium benefits.
Individual Empowerment	Marginal empowerment impacts and mainly restricted to the Premium investment.	Significant empowerment impacts through increased self-confidence, poverty reduction hope, self-esteem, rights' awareness and capacity building.
Relational Empowerment	Increased management-worker interaction and worker's representatives articulation capacity.	Increased management-worker relations, and worker's representatives confidence building and articulation capacity.
Collective Empowerment	Not observed.	Not observed.

8.4.1 Workers' Wellbeing

The findings indicated that the Fair Trade Premium contributed to workers' well-being through projects, subsidies, services and material purchases at the individual and community levels in both countries. However, in comparison to Brazil, the Nicaraguan workers benefited most from certification acquisition and the Premium investment. While many fair trade studies reported the Premium benefits in bolstering worker and producer's well-being and livelihoods (Bacon 2005; Moberg 2005; Raynolds 2012; Ruben et al. 2008; Utting-Chamorro 2005), more analytical discussion is needed to demonstrate how the certification contributes to empowerment. The Fair Trade USA empowerment module "guides the identification of the Premium Participants, democratic election of the Fair Trade Committee, and management and spending of the Premium funds on needs-based projects" (Fair Trade USA 2017b:4). In other words, the empowerment analysis focused on the Premium investment and management to identify how Premium processes and outcomes contribute to empowerment. Therefore, workers' level of involvement, participation, autonomy, certification awareness and agency in a democratic and transparent

structural process should not be analyzed independently from the Premium outcomes to comprehensively understand the empowerment contributions. Many studies reported Premium benefits by listing different projects that improved workers' wellbeing mainly in the social and economic dimensions (see Bacon et al. 2010; Nelson and Pound 2009; Terstappen et al. 2013), without an in-depth discussion about producer/worker's involvement in the Premium decision-making processes. While the Premium can contribute to empowerment at the process and outcome levels, the overwhelming focus on the latter brings into question the most effective or strategic use of the Premium that will lead to empowerment or greater empowerment outcomes.

8.4.2 Workers' Empowerment

Empowerment as a concept is often mentioned in fair trade studies, however, few impact studies defined empowerment or provided a methodological discussion about this term (BSD Consulting 2014; Laroche, Jimenez and Nelson 2012; Nelson et al. 2016; Ostertag et al. 2014;). In studying the impact of the Fairtrade International Premium on empowerment (Fairtrade International 2013), some scholars included development indicators like sense of ownership, social capital, sense of control and life satisfaction, work satisfaction and progression, and workers' representation (LEI 2016). Fair Trade USA Agricultural Production Standard refers to empowerment in terms of representation in the Fair Trade Committee, management and use of the Fair Trade Premium and livelihood improvement (Fair Trade USA 2017b). In Brazil and Nicaragua, workers' definitions of empowerment were consistent, as they emphasized the power to make decisions and control one's life conditions. It is important to note that Fair Trade USA did not define *capacity*, which sheds light on capability variations needed to make choices and translate them into desired outcomes. In Brazil and Nicaragua, workers mentioned the capacity to voice opinions and express rights, autonomy, confidence and freedom. Moreover, Nicaraguan

workers emphasized respect in empowerment processes for its realization. In both farms, many participants more often referred to empowerment in terms of individual capabilities than collective, but some Nicaraguan participants highlighted relational aspects of empowerment in terms of rights and obligations, while Brazilians defined it as mutual respect. Many workers acknowledged the roles of the institutions that affect their lives in promoting or hindering empowerment, however in practice, they were less likely to hold them accountable. The Brazilian and Nicaraguan workers defined empowerment as a process rather than an outcome, but they did not discuss the connection between resource and empowerment nor its access or distribution in hindering/promoting workers' empowerment.

All Nicaraguan male interviewees stated the desire to become agricultural property owners as they associated land ownership to independence or economic prosperity,²⁹⁴ whereas women identified female dominant occupations such as teachers, mothers and housewives.²⁹⁵ With the exception of one participant, all Brazilian interviewees said that they did not see themselves as agricultural property owners and expressed the desire to leave the coffee sector. Similarly, in his study of workers on certified plantations in Ecuador, Lyall (2014:39) found that the majority of the interviewees “expressed the desire to recover or develop their own autonomous productive resources in order to be able to leave the flower sector.” In Brazil and Nicaragua, almost all male participants indicated empowerment goals related to economic autonomy and stability, but female interviewees focused on education access and disparities in gender roles. Unlike Brazil, almost all Nicaraguan workers mentioned fair trade as an important initiative to reach their empowerment goals, placing significant trust on the certification to challenge the status quo. The same was not

²⁹⁴ Term highly associated with empowerment (see chapter 5).

²⁹⁵ With the exception of homeownership.

observed in Brazil since workers have limited fair trade awareness and ambiguous exposure to other certification schemes.²⁹⁶

8.4.2.1 Empowerment at the Individual Level

Studies of plantations certified by Fairtrade International have found that certification promotes workers' empowerment. In the banana hired-labor sector, LEI (2016:21) found that workers generally "have a higher level of job satisfaction, a stronger sense of ownership, better past and current development perspectives on issues such as income, health and schooling than workers on non-Fairtrade certified plantations." Lyall (2014) reported that certification contributed to workers' empowerment in the hired-labor flower sector by increasing workers' ability to express ideas and work-related concerns. In this study, Fair Trade USA certified plantations in Nicaragua and Brazil, workers reported decision making involvement with the Fair Trade Premium, but no expansion in workers' decision making beyond this realm. In addition, unlike Nicaragua, Brazilian workers also participated in union collective decision-making and other committees mandated by law. In Brazil and Nicaragua, workers were more likely to express their views with coworkers than management, however, Brazilian workers were more likely to voice their opinions and rights with management, and indicated greater rights awareness and entitlement. The Brazilian and Nicaraguan workers who reported resistance to express their rights mainly attributed it to the fear of losing employment. This fear was heightened among Nicaraguan workers who reside on the farm for compromising their housing arrangements. Some Nicaraguan workers referred to job termination rumors, cultural discourses, lack of capacities,²⁹⁷ and collective unity as hindering factors for not exercising their rights. Although some of these factors also resonated with the

²⁹⁶ Vague exposure to other certification schemes often times created confusion among workers, who often approached fair trade as merely one more certification scheme available in this farm.

²⁹⁷ In reference to lack of advocacy skills, rights knowledge, and education.

Brazilian workers, most participants mentioned employment termination and absence of collective unity.

Workers in both Nicaragua and Brazil received information about the Fair Trade USA certification and supplemental training for the workers' representatives to manage the Fair Trade Premium. However, on the individual level, Nicaraguan workers were more likely to participate and engage with Fair Trade USA than their Brazilian counterparts. Nicaraguan workers were aware of the certification and able to articulate its purpose, often by citing the Premium benefits, but many of them showed low engagement and passive participation related to rights advancement and bargaining. This was mainly attributed to their only partial comprehension about their rights and role in the fair trade certification. On the other hand, Brazilian workers were less likely to participate than Nicaraguans due to unevenness in certification awareness and confusion of multiple certification schemes. In addition, Nicaraguan and Brazilian participants indicated a desire to participate in employment and professional development trainings. After the certification, Nicaraguan workers began to receive coffee cultivation training to increase coffee quality, however, the lack of upward mobility in the farm led many participants to mention interest in learning life skills. On the other hand, Brazilian workers showed interest in job related trainings for potential farm upward mobility and skill trainings transferable to other employment opportunities.²⁹⁸

In relation to labor conditions, the Nicaraguan and Brazilian Certified farms contrasted. Participants' experiences as coffee hired laborers were very distinct. The Brazilian company is a worldwide reputable coffee estate, whereas the Nicaraguan farm operated below sectorial standards, making significant changes to acquire the Fair Trade USA certification. In comparison

²⁹⁸ This desired was also observed when workers decided to invest the Premium in computer classes.

to Brazil, Nicaraguan workers showed lower workers' agency, autonomy, rights expression, and resource access and control. These factors help explain the higher levels of workers' empowerment among Brazilian workers than in Nicaragua. It is important to note that the cross-country differences about rights expression and advocacy were more associated with the contextual factors than the certification impacts. For instance, the fair trade workers' rights standards promoted more rights awareness raising among Nicaraguan workers, as many of them were not familiar with them. The same was not observed in Brazil since workers are more well versed with the national labor laws and exposed to greater labor compliance oversight. However, when analyzing the certification impact on both research sites, Fair Trade USA made a more extensive and significant impact for Nicaraguan workers in terms of well-being and empowerment than for Brazilian workers (see chapter 7). The certification contributions to the latter was marginal at the individual level, mainly restricted to the Fair Trade Premium.

8.4.3.2 Empowerment at the Relational Level

Fair Trade USA certification made noteworthy contributions to improve and strengthen worker-management relations in Brazil and Nicaragua. In both countries, most participants stated that the fair trade committee enabled greater direct communication between workers and management and a platform to address labor issues, particularly in Nicaragua where unions were absent. The cross-country findings indicated that Nicaraguan workers experienced greater advancements in worker-management relations than Brazilian workers. Unlike Brazil, Nicaraguan workers described managerial relations as authoritarian with minimal room for dialogue prior to the Fair Trade USA certification. For them, the establishment of a Fair Trade committee and General Assembly where workers and management are in continual communication were fundamental for this relational shift. The recurrent meetings empowered workers to share concerns

beyond the Premium. Nicaraguan participants stated that the process of sitting at the table with management and voicing their opinions about the Premium contributed to workers' confidence building and created opportunities to potentially discuss other issues. Similarly, Lyall (2014) stated that the Fairtrade certification increased workers' collective influence with management through the Workers' Committee, and direct resource control for worker-led projects. It is important to note that although this process increased workers' empowerment, the power asymmetry still hindered workers from exercising their rights. In Nicaragua, the democratically organized Fair Trade USA Committee served as a proxy for unions. This is problematic because joint bodies are limited in their ability to protect and expand workers' rights. Besky (2008:6) similarly reported that "organizations such as the joint body are not an adequate replacement for farm workers' labor organization."

Fears of retaliation for rights expression were often cited as preventing workers' agency, however, almost all workers stated significant improvements in worker-management communication after the certification. Workers hoped that this initial advancement will continue in the future to foster open dialogues and democratic participation beyond the Fair Trade USA certification. To some extent, the Fair Trade certification assisted to improve workers' perception of management in Nicaragua. Most workers were not fully versed in the certification standards, attributing the betterment of infrastructure and labor conditions to management initiatives rather than certification compliance. Makita's research on tea plantations, found that workers showed greater gratitude towards management after receiving assistance funded by the Premium, although "many families believed that this assistance came from the management's generosity" (Makita 2012:100). In addition, the greater participation, decision-making and management contact,

although restricted to the certification as workers were not involved in any other farm activities at that level, reduced workers' perception of management as oppressing and marginalizing workers.

In Brazil, the Fair Trade USA certification increased worker-management communication and interaction for workers' representatives, but the worker-management relations were less authoritative than in Nicaragua. Most Brazilian workers complained about the management's unilateral decision-making and the minimal interaction. In both Brazil and Nicaragua, workers' representatives benefited most from direct management interaction in terms of empowerment. Yet, the Brazilian hired laborers benefited less from management contact due to the farm's geographically dispersed nature. In both countries, Fair Trade USA certification had more impact on worker-management²⁹⁹ than on worker-worker relations. In Brazil and Nicaragua, there were no significant impacts reported about improvements in intra-group relations attributed to the certification. Although Nicaraguan and Brazilian workers reported a lack of unity, respect and jealousy among workers, Brazilian workers overwhelmingly complained about a lack of camaraderie and competition in comparison in Nicaragua, indicating a significant source of disempowerment.

8.4.2.3 Empowerment at the Collective Level

Fair Trade USA certification did not have noteworthy impacts in promoting collective organization in Nicaragua and Brazil to advance workers' labor conditions and rights beyond the certification standards. However, the data illustrated the continuous power struggles of workers and the different individual and collective strategical approaches employed to attempt to further their interests. While Brazilian workers were represented through unions, they did not actively participate in collective bargaining and decision making with management. The mandated nature

²⁹⁹ Unlike Brazil, supervision improvement was reported in Nicaragua after the certification.

of union organization in Brazil and erosion of workers' rights led many participants to criticize and question the importance of unions. Yet, regardless of workers' perception, recent labor negotiations indicated that the Brazilian workers were better off with union representation (see chapter 6). Although Fair Trade USA certification had marginal collective organization impacts, the certification provided room for workers to share labor concerns with management mainly at the individual rather than the collective level.

In Nicaragua, Fair Trade USA certification did little to improve workers' collective organization, but workers were worse off here due to the lack of unions. Even though the certification promotes workers' rights awareness like freedom of association, Nicaraguan workers stated that they were not organized because of management dissuasion for workers' collective organization and fear of losing employment. Although the findings indicated little certification impacts in terms of workers' collective organization, the data indicated certification contributions to empowerment in the management of the Fair Trade Premium. This finding was more visible in Nicaragua, where workers were highly involved in implementing the worker-led projects. The lack of workers' collective participation and engagement in Brazil were partially attributed to limited certification knowledge and insufficiency of Premium funds to benefit all farm units.

In summary, Fair Trade USA certification can significantly empower workers through worker representation, participation and involvement in the Premium projects. In both Brazil and Nicaragua, workers' representatives benefited most from the certification. Many workers' representatives stated that they learned to think beyond their personal interests, obtained a greater sense of responsibility and accountability as they were the means in which workers' voices were heard, and ability to holistically analyze workers' positions in light of diverse contextual factors.

8.5 Gender Equity and Women's Empowerment

Fair Trade USA certification benefited workers, however, the study showed limitations in promoting gender equity and women's empowerment. Although the Fair Trade USA certification secured equal pay rates in Brazil and Nicaragua for female and male workers, it did little to change the gendered and patriarchal power relations in the workplace and household. Similarly, many fair trade scholars reported certification shortcomings in promoting gender equity (Bacon 2010; Hanson et al. 2012; Lyon 2008; Utting-Chamorro 2005) and in some cases "fair trade may even be reinforcing existing inequitable institutions and systems" (Terstappen et al. 2014:27). Utting-Chamorro (2005) addressed the impacts of machismo in many communities in Nicaragua, restricting women's participation, household decision-making, and resource access and control.

This study found that Fair Trade USA certification did not change unequal household interactions nor significantly altered workplace gender relations. In fact, without addressing household inequality, Fair Trade USA certification has the potential to transfer women's unpaid labor to young females, as observed in Nicaragua. Fair trade certification can unintentionally reproduce unequal gendered relations, however, women "creatively use specific Fair Trade interventions to defend their own priorities and rupture Fair Trade's imbrications with local patriarchies" (Sen 2014:445).

Female workers actively participate in their own oppression, reinforcing gender inequality. This pattern was observed in different occurrences in Brazil and Nicaragua. For example, while Brazilian female workers self-select to female-dominant positions based on gender stereotypes, Nicaraguan female workers assiduously contributed to the reproduction of unequal gendered relations by conforming and fulfilling gender stereotypes and expectations.³⁰⁰ Nicaraguan women

³⁰⁰ Not fulfilling these expectations were often associated with sanctions (e.g., spouse abuse).

were expected to perform the household chores, show obedience to their husband and ask permission to leave the house. These expectations were regularly internalized as culturally-learned norms that subordinated women. This finding is consistent with the literature, as gender roles are “culturally learned attitudes and values that account for women’s subordination and for the social reproduction of patriarchy from generation to generation, not in the least with women’s own connivance (Papanek 1990 in Friedmann 1992:114).

In addition, Nicaraguan women reported gender conformity to avoid shaming from female counterparts. Although Brazil had similar gender expectations towards women, the findings indicated that females had more flexibility to negotiate gender roles in the household, perhaps because of higher levels of empowerment. The female workers analyzed in this study in both countries continuously struggled for household and workplace respect and recognition.

This study also sheds light on the intersection of the labor market and gender relations. Although female workers actively reproduced gender inequalities in the workplace, they are more likely to question gender norms that negatively impact their economic labor gains. This pattern was visible in Nicaragua, where female workers continuously contested the unequal gender relations that threatened their economic survival, but rarely challenged household gender inequalities. Nicaraguan female workers were economically disadvantaged when management prioritized male labor by placing females on a rotation system. Although female participants voiced discontent with this system and challenged gender differences in job performance that affected wages, they were less likely to question gender inequalities that did not directly impact their financial livelihoods. In other words, these participants did not challenge gender relations beyond the economic sphere.

This study indicates that the reproduction of some gender norms seem to be stronger the further female workers are from poverty. On the other hand, Nicaraguan female workers reproduced gender inequalities in the workplace when they believe they cannot perform certain farm tasks based on gender. In addition, some Nicaraguan female workers were less likely to challenge household gendered relations because of fear of spouse abandonment since they rely on the male's income and labor for family survival. These women often conformed with gender roles and even domestic violence because of income dependency, lack of employment opportunities, and views that they are not capable of performing particular household tasks like work on agricultural subsistence plots. Nicaraguan women are more vulnerable than their Brazilian female counterparts because they reside in remote locations with limited job market access. Nicaraguan women often rely on male's income and labor for family survival, conforming to gender roles, while enduring mistreatments and even domestic violence. From a family survival standpoint, Nicaraguan female workers were more concerned about finances than social justice. According to the Booth and Seligson (2012:218) report, Nicaraguan women are six times more likely to report no income while the spouse earns all the income.³⁰¹ The same was not observed in Brazil because the Brazilian female workers did not experience the same levels of economic deprivation and lack of employment alternatives as their counterparts. Similar findings were reported by Sen (2014:464), where female tea farmers in wealthy households could afford to stay at home, whereas poorer women "were desperate to venture out of their homes to sell produce. For these women absolute confinement to home-based work was not economically feasible." The diverse employment opportunities in the Brazilian farm and nearby town, and the higher living standards

³⁰¹ Some Nicaraguan female workers reported that they often go hungry because of household food insufficiency. On average, Nicaraguan women experience significantly higher food insecurity than men, "which indicates an important area of vulnerability for women" (Booth and Seligson 2012:218).

of Brazilian households partly explained why Brazilian women were more likely to conform with gender roles and expectations in the workplace. In summary, the findings indicated that although gendered systems jeopardized the poorest female workers the most, these systems were more likely to be challenged when they created economic barriers that prevented workers' livelihoods.

In comparison to Nicaragua, the Brazilian female workers represented only a small fraction of the hired labor workforce. The existence of female-dominant positions in the farm, urban employment opportunities, and the fulfillment of gendered employment expectations³⁰² had significantly influenced women's employment patterns away from agricultural field work. The same was not found in Nicaragua, particularly due to the lack of nearby employment alternatives, absence of female-dominant positions in the farm, distance to urban centers and basic economic needs. Gendered configurations were distinctly manifested, constructed and grounded on cultural contexts, however, these systems continued to disadvantage female workers in Brazil and Nicaragua. The management preference for male labor was displayed through employment actions and discourses about male superiority. In Nicaragua, management acknowledged the superior labor performance of male workers and implemented measures that communicated these values like the employment rotation system for female workers. On the other hand, the Brazilian management did not verbalize preference for male labor, but such normative values were covertly present in the employment recruitment and placement processes. In both countries, gender norms influenced the division and organization of labor. Female workers were often assigned to labor positions based on gendered beliefs and expectations, performing particular coffee cultivation

³⁰² Brazilian hired laborers do not perceive economic advancement in the agricultural labor sector. They often discourage their spouses and children to follow the same footsteps as a prosperous future is associated with urban employment. Over the years, this discourse contributed to agricultural labor shortages with massive migration to urban centers. In Brazil, the rural exodus is more associated with the "repulsion of the lack of minimal adequate survival alternatives in the field" than with the appeal of urban industrial opportunities like in the USA (Buainain et al. 2003:315).

tasks like seed handling. In comparison to Nicaragua, the gendered labor segregation was more noticeable in Brazil due to the array of employment categories available in the certified farm. Lyon, Bezaury and Mutersbaugh (2010:96) reported similar findings in Latin American coffee cooperatives where men generally performed mechanized tasks, commercialization and labor-intensive work like fertilizer application, pruning and cleaning fields; whereas women tended to concentrate in picking, washing, drying and quality selection tasks. Like management, the Brazilian and Nicaraguan female workers shared gendered beliefs that often reproduced and reinforced gender inequalities in the workplace. Self-selection bias towards female dominant positions and female workers' accordance to task segregation based on gender were just two examples of how, often unconsciously, female hired laborers actively contributed to the reproduction of gender inequality.

In Brazil and Nicaragua, Fair Trade USA certification increased workers' participation in activities like fair trade, but the effectiveness of improving women's presence was questionable. Gender dynamics often silenced female workers in meetings and workshops. This trend was more observed in Nicaragua than in Brazil. Female workers reported that they were more likely to listen than voice their opinions in collective spaces. Most of them did not attribute low participation to gender interactions, but to personality traits, and a lack of knowledge and formal education. In both countries, the female workers' representatives showed higher levels of engagement, however, Nicaraguan females felt more integrated in the workplace than their Brazilian counterparts. It was only in the Brazilian farm unit where the Premium was invested that the female workers reported greater workplace integration after the certification. In terms of women's mobilization, female participants stated that they were not organized. While most Nicaraguan women reported household obligations and spouse resentment for leaving the household, the Brazilian females

stated that they were not united because of intra-group dynamics such as competition, jealousy and lack of respect.

Nicaraguan women reported significant improvements in living and labor conditions after Fair Trade USA certification, however, the same results were not reported by the Brazilian workers who mainly stated certification benefits limited to the investment of the Fair Trade Premium. It is important to question whether the Premium investment in worker-led projects benefits women as well. Nicaraguan female workers said that the certification increased women's participation, self-esteem and provided hope of a better future. Some fair trade scholars also mentioned an increase in women's participation after the Fairtrade International certification (Moore 2010; Torgerson 2010), however, most of those studied pointed out low female participation (Bassett 2010; Le Mare 2008; Murray, Raynolds and Taylor 2006), often times citing barriers like household labor obligations and insufficient formal education (Lyon et al. 2010:98). In addition, some of the Nicaraguan female participants mentioned partial changes in management's relations towards women's needs such as maternity leave.³⁰³ The Brazilian women did not report the same benefits, but their discourses illustrated the gendered interaction challenges experienced in the household and workplace, particularly among their female counterparts.

In summary, although Fair Trade USA certification contributed to workers' empowerment and well-being, there was less evidence of the certification's effectiveness in promoting gender equity and women's empowerment. Although the certification seemed to tackle some of the structural gendered issues through more equitable policies and standards, the certification did not address the reproduction of gendered inequalities through social interactions. More intentional initiatives to change unjust gendered relations are needed. Similar conclusions were reported in

³⁰³ A Nicaraguan participant stated more labor flexibility and benefits when she had her child after the certification than before.

the Fairtrade literature, but more research is needed to understand the impacts of certification in promoting gender equity (Nelson and Pound 2009).

8.6 Conclusion

The differences in contextual factors, involvement of local entities, characteristics of research sites, and actors' ability to make use of the fair trade interventions contributed to the outcome variation between cases. Overall, there was evidence that the Fair Trade USA certification improved workers' well-being in Brazil and Nicaragua. However, not all workers benefited equally from the certification. Although the use of the Fair Trade Premium contributed to increase workers' well-being in both research sites, the Brazilian workers did not experience the same levels of positive certification impacts in workers' livelihoods and labor conditions as their Nicaraguan counterparts. In terms of individual empowerment, Brazilian coffee workers were marginally impacted, whereas their Nicaraguan counterparts experienced significant empowerment affects like increased self-confidence and capacity building. In contrast to Brazil, Nicaraguan workers showed lower workers' agency, autonomy, capacity of expression, and access and control of resources; however, when compared to before Fair Trade USA certification, they were noticeably higher. This research did not capture any positive changes in workers' ability to collectively organize resulting from the certification. In comparison to Brazil, Nicaraguans were worse off since they do not have any collective organization to protect and expand their rights. In terms of gender equity, Fair Trade USA certification did not challenge entrenched gender norms, and in some instances, contributed to their reproduction. The research findings also illustrate how household and workplace gender relations benefit men and subordinate female workers. Lastly, the findings indicate that Fair Trade USA seems to subsidize low wages rather than ensuring

adequate compensation to reduce workers' vulnerability and chronic poverty. The Fair Trade USA Premium can temporarily alleviate poverty, but it does not lift people out of poverty.

References

- Bacon, Christopher M. 2005. "Confronting the Coffee Crisis: Can Fair Trade, Organic, and Specialty Coffees Reduce Small-Scale Farmer Vulnerability in Northern Nicaragua?". *World Development* 33(3):497-511.
- Bacon, Christopher M. 2010. "A Spot of Coffee in Crisis: Nicaraguan Smallholder Cooperatives, Fair Trade Networks, and Gendered Empowerment." *Latin American Perspectives* 37(2):50-71.
- Bassett, Thomas J. 2010. "Slim Pickings: Fairtrade Cotton in West Africa." *Geoforum* 41(1):44-55.
- Besky, Sarah. 2008. "Can a Plantation Be Fair? Paradoxes and Possibilities in Fair Trade Darjeeling Tea Certification." *Anthropology of Work Review* 29(1):1-9.
- Booth, John and Mitchell Seligson. 2012, "Political Culture of Democracy in Nicaragua in the Americas, 2012: Towards Equality of Opportunity": United States Agency for International Development. (https://www.vanderbilt.edu/lapop/nicaragua/Nicaragua_Country_Report_2012_English_V2_revised_W.pdf).
- Booth, John, Christine Wade and Thomas Walker. 2015. *Understanding Central America: Global Forces, Rebellion, and Change*. Boulder, CO: Westview Press.
- BSD Consulting. 2014. "Assessing the Benefits of Fairtrade Orange Juice for Brazilian Small Farmers." BSD Consulting.
- Buainain, Antônio, Ademar Romeiro and Carlos Guanziroli. 2003. "Agricultura Familiar E O Novo Mundo Rural." *Sociologias* 5(10):213-347.
- Darko, E., A. Lynch and W. Smith. 2017. "The Impact of Fairtrade: A Review of Research Evidence 2009-2015." *ODI Report*. Overseas Development Institute.
- Del Rio, M., S. Sellitti and N. Gutierrez. 2016. "Measuring and Assessing the Impacts of Fair Trade USA on Farmworkers in Brazil." *Infographic*. International Center for Tropical Agriculture (CIAT), Cali, Colombia.
- Fair Trade USA. 2014, "Fair Trade USA Farm Workers Standard: Guidelines for the Implementation and Interpretation of the Farm Workers Standard": Fair Trade USA. Retrieved 23 February, 2016 (http://fairtradeusa.org/sites/all/files/wysiwyg/filemanager/FWS_Guidelines_EN_041014.pdf).
- Fair Trade USA. 2017a, "Agricultural Production Standard: Version 1.0.0": Fair Trade USA. Retrieved 15 March, 2018 (https://fairtradeusa.org/sites/default/files/wysiwyg/filemanager/APS_Updates_Feb_2017/FUSA_STD_APS_EN_1.0.0.pdf).

- Fair Trade USA. 2017b, "Agricultural Production Standard at a Glance": Fair Trade USA. Retrieved 27 September, 2017 (https://fairtradeusa.org/sites/default/files/wysiwyg/filemanager/Updates_6.23.2017/FTUS_A_INT_APSOverview_EN_1.0.0.pdf).
- Fairtrade International. 2013. "Branching Out: Fairtrade in Malawi." *Monitoring the Impact of Fairtrade on Five certified organizations*. Fairtrade International.
- Friedmann, John. 1992. *Empowerment: The Politics of Alternative Development*. Oxford: Blackwell.
- Hanson, Lori, Vincent Terstappen, Christopher M. Bacon, Jannie Leung, Alejandra Ganem-Cuenca, Sandro Raúl Díaz Flores and María Asunción Meza Rojas. 2012. "Gender, Health, and Fairtrade: Insights from a Research-Action Programme in Nicaragua." *Development in Practice* 22(2):164-79.
- Laroche, Karine, Roberto Jimenez and Valerie Nelson. 2012. "Assessing the Impact of Fairtrade for Peruvian Cocoa Farmers." Vol.: Institute of Natural Resources.
- Le Mare, Ann. 2008. "The Impact of Fair Trade on Social and Economic Development: A Review of the Literature." *Geography Compass* 2(6):1922-42.
- LEI. 2016. "Fairtrade Certification in the Banana Hired Labour Sector." Vol.: LEI Wageningen UR.
- Lyall, Angus. 2014. "Assessing the Impacts of Fairtrade on Worker-Defined Forms of Empowerment on Ecuadorian Flower Plantations." Vol. Switzerland: Fairtrade International and Max Havelaar-Foundation.
- Lyon, Sarah. 2008. "We Want to Be Equal to Them: Fair-Trade Coffee Certification and Gender Equity within Organizations." *Human Organization* 67(3):258-68.
- Lyon, Sarah, Josefina A. Bezaury and Tad Mutersbaugh. 2010. "Gender Equity in Fairtrade-Organic Coffee Producer Organizations: Cases from Mesoamerica." *Geoforum* 41(1):93-103.
- Makita, Rie. 2012. "Fair Trade Certification: The Case of Tea Plantation Workers in India." *Development policy review* 30(1):87-107.
- Moberg, Mark. 2005. "Fairtrade and Eastern Caribbean Banana Farmers: Rhetoric and Reality in the Antiglobalization Movement." *Human Organization* 64(4):4-16.
- Moore, Lindsey. 2010. "Reading Tea Leaves: The Impact of Mainstreaming Fair Trade." *Working Paper Series*. London: Development Studies Institute.
- Mosquera, Erika and Martha Del Rio. 2015. "Measuring and Assessing Impacts of Fair Trade USA on Farm Workers in Nicaragua." *Infographic*. Cali, Colombia: International Center for Tropical Agriculture (CIAT).

- Murray, Douglas, Laura T. Reynolds and Peter L. Taylor. 2006. "The Future of Fair Trade Coffee: Dilemmas Facing Latin America's Small-Scale Producers." *Development in Practice* 16(2):179-92.
- Nelson, V., J. Haggard, A. Martin, J. Donovan, E. Borasino, W. Hasyim, N. Mhando, M. Senga, J. Mgumia, E. Guintanar Guadarrama, Z. Kendar, J. Valdez and D. Morales. 2016. "Fairtrade Coffee: A Study to Assess the Impact of Fairtrade for Coffee Smallholders and Producer Organisations in Indonesia, Mexico, Peru, and Tanzania." University of Greenwich.
- Nelson, Valerie and Barry Pound. 2009. "The Last Ten Years: A Comprehensive Review of the Literature on the Impact of Fairtrade." Chatham, UK: Natural Resources Institute, University of Greenwich.
- Ostertag, Carlos, Oscar Sandoval, Juan Barona and Carolina Mancilla. 2014. "An Evaluation of Fairtrade Impact on Smallholders and Workers in the Banana Sector in Northern Colombia." Corporation for Rural Business Development.
- Paige, Jeffery. 1997. *Coffee Power: Revolution and the Rise of Democracy in Central America*. Cambridge: Harvard University Press.
- Reynolds, Laura T. 2012. "Fair Trade Flowers: Global Certification, Environmental Sustainability, and Labor Standards." *Rural Sociology* 77(4):493-519.
- Renard, Marie-Christine. 2005. "Quality Certification, Regulation and Power in Fair Trade." *Journal of Rural Studies* 21(4):419-31.
- Ruben, P., R. Fort and G. Zuniga. 2008. "Impact Assessment of Fairtrade Programs for Coffee and Bananas in Peru, Costa Rica and Ghana Study Assignment." *Fairtrade programme evaluation*. Radboud University Nijmegen, The Netherlands: Solidaridad Coordinated; Centre for International Development Issues.
- Ruben, Rued and Ricardo Fort. 2012. "The Impact of Fair Trade Certification for Coffee Farmers in Peru." *World Development* 40(3):570-82.
- Saten, Clifford. 2010. *The History of Nicaragua*. Santa Barbara, CA: Greenwood.
- Sen, Debarati. 2014. "Fair Trade Vs. Swaccha VyāPāR: Women's Activism and Transnational Justice Regimes in Darjeeling, India." *Feminist Studies* 40(2):444-72.
- Soto Baquero, Fernando and Emilio Klein. 2012. "Políticas De Mercado De Trabajo Y Pobreza Rrural En América Latina." Roma, Italy: Food and Agriculture Organization; Comisión Económica para América Latina y El Caribe.
- Terstappen, Vincent, Lori Hanson and Darrell McLaughlin. 2013. "Gender, Health, Labor, and Inequities: A Review of the Fair and Alternative Trade Literature." *Agriculture and Human Values* 30(1):21-39.

- Torgerson, Anna. 2010. "Fair Trade Banana Production in the Windward Islands: Local Survival and Global Resistance." *Agriculture and Human Values* 27:475-87.
- Utting-Chamorro, Karla. 2005. "Does Fair Trade Make a Difference? The Case of Small Coffee Producers in Nicaragua." *Development in Practice* 15(3/4):584-99.
- Vakis, Renos, Jamele Rigolini and Leonardo Lucchetti. 2015. "Left Behind: Chronic Poverty in Latin America and the Caribbean." World Bank.
- Valkila, Joni and Anja Nygren. 2010. "Impacts of Fair Trade Certification on Coffee Farmers, Cooperatives, and Laborers in Nicaragua." *Agriculture and Human Values* 27(3):321-33.
- World Bank. 2016a, "Poverty Headcount Ratio at National Poverty Lines (% of Population)": World Bank. Retrieved 23 July, 2016 (<https://data.worldbank.org/indicator/SI.POV.NAHC?locations=NI>).
- World Bank. 2016b, "Poverty & Equity Data Portal": World Bank. Retrieved 15 June, 2016 (<http://povertydata.worldbank.org/poverty/country/BRA>).
- World Bank. 2016c, "Rural Population (% of Total Population)". Retrieved 16 May, 2016 (<https://data.worldbank.org/indicator/SP.RUR.TOTL.ZS>).
- World Bank. 2016d, "GNI Per Capita, Atlas Method (Current Us\$)". Retrieved 10 December, 2016 (<https://data.worldbank.org/indicator/NY.GNP.PCAP.CD?locations=BR-NI&view=chart>).
- World Bank. 2017, "Access to Electricity (% of Population)". Retrieved 5 January, 2017 (<http://data.worldbank.org/indicator/EG.ELC.ACCS.ZS>).

CHAPTER 9: BRIEF SUMMARY OF RESEARCH FINDINGS AND PROPOSITION FOR A HUMAN RIGHTS-BASED APPROACH TO THE FAIR TRADE USA EMPOWERMENT FRAMEWORK

9.1 Introduction

After parting ways from Fairtrade International in 2011, Fair Trade USA began to certify coffee estates with its own set of standards aimed to improve labor and living conditions of hired laborers. Fair Trade USA views hired laborers as the most marginalized and impoverished actors in the commodity chain, needing the assistance of fair trade. Fair Trade USA's decision to certify plantations, particularly in coffee, was opposed by multiple fair trade stakeholders concerned about the direct benefits to rural workers and impacts on small coffee farmers' livelihoods. To explore the ramification of Fair Trade USA's new efforts, this dissertation research investigated Fair Trade USA's impacts in bolstering 1) worker's well-being, 2) empowerment, and 3) gender equity in certified coffee estates in Brazil and Nicaragua. Through a cross-national comparative analysis, this research demonstrated the certification challenges and opportunities to promote workers' well-being and empowerment, while shedding light on gender processes. The first part of this chapter summarizes my research findings regarding how permanent workers benefited from the certification and how national contexts can explain certification outcome variability.

Based on my analysis of the limitations of Fair Trade USA's current approach, this chapter shows how a human rights and empowerment framework focused on human agency would provide Fair Trade USA with a more comprehensive and suitable approach to promote worker empowerment. The chapter lays out the most relevant human rights elements to the Fair Trade USA empowerment approach and argues that the human rights and empowerment approach most suitable to Fair Trade USA is the one that emphasizes human agency realization.

9.2 Brief Summary of Research Findings

To investigate Fair Trade USA poverty alleviation and empowerment claims, I analyzed whether Fair Trade USA certification improved coffee workers' livelihoods and strengthened empowerment. However, empowerment as a concept has been largely discussed in the literature with little consensus about its definition and measurement. At the time of this research, Fair Trade USA did not have a theoretical framework to guide empowerment research assessment in Fair Trade Certified estates. To study worker's empowerment, I developed a set of empowerment indicators organized into individual, relational and collective empowerment levels. To measure worker's well-being, I focused on improvements in the living and working conditions of coffee workers and the contributions of the Fair Trade Premium. Acknowledging that male and female workers might experience Fair Trade USA impacts differently, I analyzed opportunities and resources distributed, accessed and controlled by female and male workers, while shedding light on intra-household dynamics.

This research demonstrated that the Fair Trade Premium contributed to worker's well-being by addressing workers' needs through worker-led projects in Brazil and Nicaragua. However, workers did not benefit equally. In Nicaragua, Fair Trade USA certification also promoted workers' well-being by improving workers' living and labor conditions. Certification did not appear to similarly improve worker well-being in Brazil, mainly because of the higher socio-economic status of workers, the plantation's previously existing high occupational health and safety standards, and Brazil's relatively strong national labor laws. Although Nicaraguan workers experienced significant improvements in living and labor conditions, they reported unintended certification impacts like increased workload. In terms of certification awareness,

almost all Nicaraguan workers knew about the certification, but many Brazilian workers were unaware of the certification.

My research shows that Fair Trade USA was more likely to bolster worker's empowerment at the individual and relational levels rather than at the collective level. In Nicaragua, at the individual level, workers experienced significant empowerment impacts through democratic participation and decision making in the investment of the Premium. In addition, many Nicaraguan workers reported increased self-confidence, hope of poverty reduction, and self-esteem. Brazilian workers were not found to experience these individual empowerment benefits. The empowerment impact at the individual level in Brazil was marginal and mainly restricted to democratic participation and decision making regarding the Premium. At the relational level, Fair Trade USA had similar impacts in Brazil and Nicaragua, where the certification improved management-worker relations. Workers' representatives benefited the most from these interactions through confidence building and increased articulation capacity. At the collective level, Fair Trade USA had little impact in increasing empowerment.

Looking specifically at the situation of female workers, this research finds that Fair Trade USA contributed to female workers' well-being by improving living and working conditions in Nicaragua, but not in Brazil. Overall, Fair Trade USA had marginal impacts in promoting gender equity and significant limitations in fostering women's empowerment. Although Fair Trade USA increased male workers' participation, female workers were often absent and silenced. This research found that Fair Trade USA left gendered interactions and patriarchal power relations in the workplace and household largely unaltered. In Brazil and Nicaragua, gender norms influenced the division and organization of labor. While female workers were often found to reproduce traditional gender relations, female workers were more likely to challenge gender inequalities at

the intersection of gender and labor market relations. The results indicated that poorer workers were less likely to reproduce traditional gender norms. More research is needed to comprehensively explore this topic.

Overall, this research demonstrated that Fair Trade USA impacts varied significantly based on farm organization structure and national context. In addition, Fair Trade USA did not make contributions to improve workers' wages nor move compensation towards living wages. Although beyond the scope of this research, this study also shed light on the role of the state and the intersection with fair trade.

The findings in this cross-national comparison support the argument that Fair Trade USA can have a significant immediate and short-term impact on the most vulnerable and impoverished workers. However, this impact seems to be limited to coffee estates whose operations do not comply with national labor regulation and fall below sectoral standards, like in Nicaragua. The Fair Trade USA impacts are significantly reduced when applied to coffee plantations with multiple certifications, operating at or above national labor standards, as illustrated in the case of Brazil. Fair Trade USA is less effective in countries like Brazil because the standards are relatively weak in comparison to existing farm practices. Although Fair Trade USA's new Agricultural Production Standard involves more stringent requirements than the Farm Workers Standard standards in place at the time of this research, Fair Trade USA falls short in expanding workers' rights *beyond* national and sectoral regulations.

Fair Trade USA's Agricultural Production Standard requirements are weaker than those of Fairtrade International. However, I conclude that the solution is not for Fair Trade USA to mirror the robustness of Fairtrade International standards, because coffee farms like Masaya would then not be certified. I argue that weaker standards are needed to engage conventional coffee plantations

operating below national and sectoral standards. By focusing the certification on these types of coffee plantations, *Fair Trade USA has the opportunity not only to expand the fair trade benefits to landless hired laborers, but also to focus on the most marginalized and impoverished.* In other words, Fair Trade USA should be viewed as the first certification step for conventional coffee plantations with poor labor practices like Masaya.

Fair Trade USA is currently certifying plantation regardless of site or regional differences, generating a wide gap in workers' experiences with fair trade. Fair Trade USA needs more purposive intervention, such as rigorous farm selection criteria. Fair Trade USA should distinctly market its certification standards and clearly communicate its focus to coffee plantations and consumers. Fair Trade USA has a unique opportunity to broaden fair trade into conventional estates that need fair trade assistance the most.

In summary, Fair Trade USA does relatively well in supporting workers' well-being, but less well in promoting empowerment. To address significant shortcomings in this area, Fair Trade USA should incorporate a human-rights-based approach into its empowerment framework. The remainder of this chapter will explore the theoretical foundation and arguments regarding the utility of using a human rights approach to the Fair Trade USA empowerment framework.

9.3 Proposition for a Human Rights Approach to the Fair Trade USA Empowerment Framework

The fair trade movement has been out spoken about its empowerment model and practices, however, very little has been said by fair trade scholars about its human rights foundations and linkages to the empowerment framework. When addressed in the fair trade literature, the human-rights-based approach is often treated as a vigorous alternative approach to secure women's rights and empowerment. For example, Lyon (2008) discussed the importance of framing gender equity

as a key component of human rights compliance in the fair trade discourse, advocating for a more participatory certification process. While one can easily observe how Fair Trade USA certification standards are built on human rights principles, guaranteeing freedom from discrimination, freedom of association, collective bargaining, fair conditions of employment, no forced or child labor, occupational health and safety, Fair Trade USA does not include a rights-based discourse and analysis in its empowerment framework.

The research findings suggest that a more robust approach to the Fair Trade USA empowerment framework is needed to promote greater empowerment opportunities to hired laborers in Fair Trade Certified coffee estates. A theoretical framework based on empowerment and human rights, built on human agency, seems to be more suitable to address the empowerment shortcomings empirically observed. A human rights approach provides an explicit and globally shared normative framework that can strengthen the Fair Trade USA empowerment processes and outcomes. Although human rights can secure workers' immediate needs, it also helps develop critical consciousness, capacity building and awareness, so that individuals are able to *actively* claim their rights. As VeneKlasen et al. (2004:9) state, "as they [people] question, they develop and deepen a sense of personal worth, a critical and compassionate worldview, and the skills and willingness to act both individually and collectively to improve their world." In this context, human rights and empowerment are not distinct, but rather complementary approaches when utilized to empower the oppressed.

9.3.1 Human Rights

In recent years, human rights language has been used to advance moral claims and political practices, becoming internationally recognized as a response to injustice. Human rights are often associated with the concepts of justice, human dignity, equality, freedom and autonomy. Human

rights are not absolute, but rather a social construction culturally, temporally and spatially situated (Braniff and Hainsworth 2015:42). In essence, human rights are moral rights and cannot be referenced to existing declarations alone, as rights not recognized in international law and practice are also still human rights such as the right to a safe environment, a right to development, or the right to same-sex marriage (Woods 2014:19). For Fukuda-Parr (2013:162), human rights are an idea that ‘empowers’ the weak and vulnerable, protecting them from abuse of their rights.

Human rights are inherent to all human beings, they are universal rather than being based on a particular status or relationship. This universality claim permits the formulation of a worldwide human rights norms to protect individuals. Conversely, the human rights universality debate has been long present, but is far from reaching consensus due to cultural relativism and moral imperialism (Mendez 2004). Human rights universality discourse generates conflict between “furthering the human rights of individuals and maintaining the stability of the nation-state system” (Ignatieff 2001:23). Modern human rights encompass an array of rights from political, civil, economic, social and cultural dimensions. Human rights principles of indivisibility, interdependence and interrelatedness means that rights cannot be selectively promoted, over others, as they are interrelated and interdependent.

Human rights laws have historically focused on the individual (Koroma 2011) at the expense of the collective. However, in the past few decades, it became recognized that the “effective realization of individual rights is a community interest which requires international solidarity” (Koroma 2011:108). Solidarity rights are a new kind of human rights that are realized through concerted efforts, joint responsibilities and imposed obligations toward a greater range of actors (Wellman 2000).

9.3.2 Human Rights Approach to Development and Poverty

In this dissertation, fair trade is positioned within the alternative development discourse as an important poverty alleviation strategy aimed at improving marginalized worker and producer well-being, empowerment and organizational capacity (Raynolds, Murray and Wilkinson 2007). Like empowerment, human rights approaches have been commonly used in the development field to address poverty and protect marginalized individuals' rights. In fact, "there is increasing recognition of the relationship between the failure to realise human rights and the continuation of poverty, exclusion, vulnerability and conflict" (Foresti, Higgins and Sharma 2010:1). According to the World Bank (2001:59), impoverished individuals "often lack legal rights that would empower them to take advantage of opportunities and protect them from arbitrary and inequitable treatment." Human rights can improve the quality and effectiveness of development programs and are often used for "instrumental purposes—as a means to an end—to improve development outcomes in relation to governance, poverty reduction and aid effectiveness" (OECD/WB 2013:xxxix). Poverty is a human rights issue (Elliott 2014), where poverty is characterized by the deprivation of resources, opinions, security and power to enjoy adequate living standards and other civil, cultural, economic, political and social rights (Pinto 2008:397). By building on the capacity of states and non-government institutions to fulfill rights and individuals to claim their entitlements, the human rights regime can contribute to poverty alleviation. In addition, human rights "can provide a lens through which to examine the structural determinants of poverty, including inequality and exclusion as barriers to poverty reduction..." (OECD/WB 2013:xxxiii).

Although no single human rights approach to development exists, they all rest "on the belief that human development is enhanced when we used human rights as a framework" (Braniff and Hainsworth 2015:42). A human rights approach contributes to development by including the

international human rights norms and principles in development processes and using it as a yardstick to measure practice and progress (Braniff and Hainsworth 2015). Human rights contribute to development initiatives by providing development guidance through normative and analytical frameworks incorporating nondiscrimination, participation and accountability principles into development programming, establishing clear international standards and treaties, and clarifying rights and obligations (OECD/WB 2013; Piron 2005). In particular, human rights imply corresponding duties to ensure their realization (Jonsoon 2003:15). Human rights legislation guarantees the entailment of duty holders and legal venues in which they can claim their rights. States are not only obligated to protect its citizens against human rights violations and meet the minimum benchmarks, they must also adopt progressive measures (Abramovich and Pautassi 2009). However, the persistence of poverty is an indication that states often fail to guarantee individual rights, particularly in the economic, social and cultural dimensions. The lack of resources, effective welfare policy programs and commitment to human rights raise questions whether states alone are able to address poverty and inequalities. As state regulatory capacity decreases, other actors have helped promote economic, social and cultural rights (Thomas 1998:163).

9.3.3 Human Rights Relevancy to Fair Trade USA

Human rights play an important role in mobilizing social change, transforming state-society relations, enhancing government accountability, supporting active participation, and removing resource access barriers (Foresti et al. 2010; Piron 2005). However, securing these rights often times means confronting unequal social relations and resistance to power distribution. A human rights approach can remove the material and symbolic obstacles linked to privileges that do not occur in a spontaneous way (Pisarello 2007). Fair Trade USA standards secure farm

workers' basic human rights, like freedom from discrimination or collective bargaining, however the certification does not employ a human rights approach to empowerment. When targeting the most vulnerable and marginalized, the empowerment model can only do so much against the power inequalities inherent in estates. A human rights approach could contribute to the Fair Trade USA empowerment model from three main angles: 1) ethical approaches, 2) rights and obligations, and 3) emphasis on processes, participation and existing resources.

9.3.3.1 Ethical Foundation

In recent years, many social movements and NGOs have adopted a human rights approach to collectively mobilize, challenge power and influence legislation to protect individuals against injustice. Human rights reasoning has greatly advanced in the legal system, guaranteeing rights, justifiability and obligations. In the context of fair trade, a human rights approach does not revolve around this type of legal approach. Instead, it supports a rights-based approach grounded in social ethics, as eloquently discussed in Sen's (2012) work. Although human rights legislation is inarguably necessary, "some human rights that are worth recognizing are not, it can be argued, good subjects for legislation at all" (Sen 2012:94). For instance, a woman's moral right to participate in decision-making processes or to be respected in the household or workplace does not render any legal action. Although Sen (2012) argues for a moral approach to human rights focusing on advancing individual freedoms, expanding opportunities and capabilities to pursue desired objectives against the constraints of others, I argue for an ethical human rights approach to empowerment that emphasizes human agency.

9.3.3.2 Rights and Obligations

Under a human rights approach, individuals are entitled to rights that can be claimed from duty bearers. The human rights approach focuses on accountability and identifying those

responsible for human rights realization (Jonsson 2003). Applied to fair trade, this approach requires the recognition of the duty bearers to secure workers' rights. Yet the current fair trade model does not frame empowerment as rights beyond what is required by the standards. For instance, a significant portion of the Fair Trade Premium is invested in basic human needs, such as education and healthcare. By not framing these services as rights, fair trade deemphasizes any obligations of the duty bearer. The duty bearer must be clearly identified so that rights-bearers know to whom they can press their claims (Woods 2014).

Fair Trade USA certification identifies the duty bearer as the estate owner and holds farm owners accountable to meeting or exceeding the standards to acquire or renew certification. Fair Trade USA defines the duty-bearers' obligation as meeting certification requirements, ignoring other actions that hinder human agency. There is substantial evidence that the hierarchical structures of estates and power inequalities hinder workers' empowerment (Moore 2010) and as demonstrated in this research workers own actions can hinder their empowerment.

From a social ethics approach to human rights, any person in the position to effectively prevent human rights violations that hinder *human agency* should do so. Sen (2012:96) holds individuals accountable to act when in a position to do so, "if one is in a plausible position to do something effective in preventing the violation of such a right, then one does have the obligation to consider doing just that." Thus ethical claims of human rights do not only entail formalized obligations, but also imperfect and diffused obligations (Sen 2009). A human rights approach suggests that empowerment and social inclusion of farm workers cannot be effectively addressed by only looking at individuals' circumstances; we must recognize the roles and responsibilities of multiple actors, including workers and the state, to advance empowerment. In summary, the human rights approach emphasizes individual rights, obligations and agency in empowerment processes.

It holds farm owners accountable to ethical claims beyond certification standards to advance workers' agency, workers responsible for fostering intra-group empowerment and the state responsible for basic provisions. In this approach, empowerment is best realized by the orchestrated efforts and joint obligations of all actors involved.

9.3.3.3 Emphasis on Processes, Participation and Existing Resources

From a human rights perspective, outcomes are no more important than the processes by which they are achieved. As Jonsson (2003:7) notes “the *process* by which rights are realised is just as important as the outcome”. This emphasis on process implies that the pathway to reach an outcome or right can potentially violate human rights. Fair Trade USA has focused on outcomes rather than processes. For example, Fair Trade USA requires the proper documentation of workers' participation and representation in the management of the Fair Trade Premium, however little attention has been paid to *how* these workers interact and participate in decision making. From a human rights approach, Fair Trade USA should focus on the processes by which rights and empowerment are fulfilled.

Fair Trade USA emphasizes the importance of participation in projects and decision-making processes. For the human-rights-based approach, participation is important both as an end and a means (Jonsson 2003:23), however, effective participation is likely to occur when it is active, free and meaningful (Piovesan 2004). While Fair Trade USA certification requires workers' participation, it is hard to determine the effectiveness of participation in promoting equity and empowerment. Although empowerment is a participatory process in which reflection, inquiry and action transpire (VeneKlasen et al. 2004), context-specificity, gender and power relations influence how participation takes place and the degree in which it promotes social change (IDS 2010). A human-rights-based approach could strengthen Fair Trade USA participatory strategies

for greater and effective participation, and inclusion of the powerless (Darrow and Tomas 2005). From this perspective farm workers would not be viewed as beneficiaries, but rather as active agents with transformative capacity (Woods 2014).

Lastly, a human rights approach could contribute to Fair Trade USA by fostering farm workers' community participation, involvement and advocacy in examining how existing local resources are managed to enhance equitable distribution. Unlike a basic needs approach that aims to obtain additional resources to help marginalized groups, a human rights approach "calls for existing community resources to be shared more equally, so that everyone has access to the same services" (Jonsson 2003:20). As noted in this research one of the main challenges faced by Fair Trade USA is that the Premium is determined by Fair Trade Certified coffee sales. Limited Fair Trade Certified coffee sales can compromise the sustainability of certification and, thus, workers' empowerment. From a human rights perspective, the Fair Trade USA empowerment model should be strengthened by enabling farm workers to utilize and enhance their capacity in local settings and to advocate for increased distribution and access to community resources.

9.3.4 Human Rights Empowerment Approach: The Focus on Human Agency

The human rights approach can enhance the Fair Trade USA empowerment initiatives by protecting and expanding human agency. Ignatieff (2001) argued that without human rights, people lack agency, thus human rights are needed for human agency realization. For Ignatieff (2001), human agency is a pragmatic concept to use as a guide of what should be constituted as rights. When defining human rights on the ground of *agency*, human rights becomes a "language of individual empowerment, and empowerment for individuals is desirable because when individuals have agency, they can protect themselves against injustice" (Ignatieff 2001:57).

The term agency, referring to freedom to act in pursuit of individual or collective goals deemed important by subjects, has been central in the conceptualization of empowerment. Sen (1999:18) said that agency plays an important role in human development and capabilities as “greater freedom enhances the ability of people to help themselves, and also to influence the world, and these matters are central to the process of development.” For him, agency is the essence of social change. Through human agency, individuals are able to shape “their own destiny, and not just as passive recipients of the fruits of cunning development programs” (Sen 1999:53). Alkire (2005:222) sees empowerment as a “subset of agency,” a type of agency that may be central to a particular situation. Mason (2003:1) views empowerment as “the extent to which some categories of people are able to control their own destinies, even when their interests are opposed by those of the other people with whom they interact.”

Igatieff’s (2001:68) human agency approach suggests the interpretation of human rights as “the universal interests of the powerless, namely, that power be exercised over them in ways that respect their autonomy as agents.” This statement does not dismiss the existence of individual-collective conflicts, but rather it emphasizes the role of human rights to adjudicate them, securing human agency against violations. In this sense, it is not the outsider’s role to determine individuals’ choices, but rather to respect their autonomy. When advocating for human rights from a human agency perspective, *the emphasis is on prohibiting any actions, rules or processes that infringe upon individuals’ agency and autonomy, rather than prescribing how human agency shall be fulfilled.* This emphasis enables different cultures to assess and define human agency from a multitude of relevant dimensions that are not prescribed, avoiding potential cultural bias.

The findings in this research suggest a human agency approach that acknowledges the importance of the current human rights paradigm in protecting fundamental rights essential for

human agency, while at the same time safeguarding individuals against occurrences that obstruct human agency beyond legal jurisdiction.³⁰⁴ This is the type of human rights approach that is most relevant to Fair Trade USA as it complements its empowerment framework.

For me, human rights and empowerment are both sides of the same coin when focusing on human agency, each contributing to the realization of the other. While human rights contribute to the Fair Trade USA empowerment approach by establishing entitlements and obligations, for example, the existence of rights does not mean that they are exercised. It is not a matter of only securing farm workers' rights, but also ensuring that they are capable of claiming their rights when duty-bearers fail to protect, secure or fulfill them. Given that workers' agency is largely contingent on institutional, relational and cultural factors that often obfuscate or constrain choice, it is not sufficient to establish conditions for human agency to take place if people are unaware of choices and/or unequipped to realize them. From this perspective, empowerment is the means by which farm workers can claim and expand their rights. Thus, guaranteeing workers' rights to protect and expand human agency can foster empowerment realization. Fair Trade USA's empowerment approach should strengthen factors like workers' capabilities, knowledge, skills, capacity building and effective participation to develop critical consciousness and willingness to act.

9.4 Conclusion

Development agencies have often drawn on the human rights and empowerment approaches to strengthen their initiatives and programming efforts, particularly when tackling poverty and inequalities. It is commonly acknowledged that “poverty reduction is not possible

³⁰⁴ In the literature, the rights-based approach is often referred to as the human-rights-based approach. In this study, the human rights approach is more broadly defined to encompass protection and fulfillment of human agency, however, it draws on the international human rights regime framework to secure basic rights for human agency realization. The proposed approach is an overlap between human rights and rights-based approaches. The goal is to strengthen and support the Fair Trade USA empowerment initiative, particularly focusing on power relations, redistribution, and resource accessibility.

without the empowerment of the poor” (OHCHR 2006:4). The human rights approach contributes to poverty alleviation through its normative framework and principles of universality, non-discrimination, equality, participatory decision making, accountability, and transparency. In fact, many development agencies have adopted a human rights approach instead of a generic empowerment approach to acknowledge the social and political constraints on the poor (Luttrell and Quiroz 2009:24). Rights-based interventions are readily quantifiable (Batliwala 2007) and can help demystify individuals’ perceptions of gender inequality as features of traditional culture.

The integration of the human-rights-based approach can strengthen Fair Trade USA certification and empowerment initiatives through its ethical foundation, rights-obligation, and emphasis on process, participation and existing resources. In particular, the human rights approach is most relevant and supportive when it protects and expands human agency, enabling farm workers, particularly women, to draw on resources and mechanisms to determine their choices and influence social change processes and outcomes.

References

- Abramovich, Victor and Laura Pautassi. 2009. "El Enfoque de Derechos y la Institucionalidad de las Políticas Sociales." Pp. 279-340 in *La Revisión Judicial De Las Políticas Sociales: Estudio de Casos*, edited by V. Abramovich and L. Pautassi. Buenos Aires: Editores del Puerto.
- Alkire, Sabina. 2005. "Subjective Quantitative Studies of Human Agency." *Social Indicators Research* 74(1):217-60.
- Batliwala, Srilatha. 2007. "Taking the Power out of Empowerment – an Experiential Account." *Development in Practice* 17(4-5):557-65.
- Braniff, Maire and Paul Hainsworth. 2015. "A Human Rights-Based Approach to Development." in *From the Local to the Global: Key Issues in Development Studies*, edited by G. McCann and S. McCloskey. London: England: Pluto Press.
- Darrow, Mac and Amparo Tomas. 2005. "Power, Capture, and Conflict: A Call for Human Rights Accountability in Development Cooperation." *Human Rights Quarterly* 27(2):471-538.
- Elliott, Jennifer. 2014. "Development and Social Welfare/Human Rights." Pp. 626 in *The Companion to Development Studies*, edited by V. Desai and R. Potter. New York, N.Y.: Routledge.
- Foresti, Marta, Kate Higgins and Bhavna Sharma. 2010. "Human Rights and Pro-Poor Growth." *Overseas Development Institute: Project Briefing* 34:1-4.
- Fukuda-Parr, Sakiko. 2013. "Human Rights and Politics in Development." Pp. 161-78 in *Human Rights: Politics and Practice*, edited by M. Goodhart. Oxford: Oxford University Press.
- IDS. 2010. "Literature Review on Active Participation and Human Rights Research and Advocacy." Vol. San Francisco, California: Institute of Development Studies.
- Ignatieff, Michael. 2001. *Human Rights as Politics and Idolatry*. Princeton, NJ: Princeton University Press.
- Jonsson, Urban. 2003. *Human Rights Approach to Development Programming*. Nairobi, Kenya: UNICEF.
- Koroma, Abdul. 2012. "Solidarity: Evidence of an Emerging International Legal Principle." Pp. 103-29 in *Coexistence, Cooperation and Solidarity: Liber Amicorum Rüdiger Wolfrum*, Vol. 1, edited by H. Hestermeyer and R. Wolfrum. Boston: Martinus Nijhoff Publishers.
- Luttrell, Cecilia and Sitna Quiroz. 2009. "Understanding and Operationalising Empowerment." London: Overseas Development Institute.
- Lyon, Sarah. 2008. "We Want to Be Equal to Them: Fair-Trade Coffee Certification and Gender Equity within Organizations." *Human Organization* 67(3):258-68.

- Mason, Karen. 2003. "Measuring Empowerment: A Social Demographer's View." Paper presented at the Measuring Empowerment: Cross-Disciplinary Perspectives, **February 4 and 5, 2003**, The World Bank; Washington, DC.
- Mendez, Emilio. 2004. "Origen, Sentido y Futuro de los Derechos Humanos: Reflexiones Para Una Nueva Agenda." *SUR Revista Internacional de Derechos Humanos* 1(1):7-19.
- Moore, Lindsey. 2010. "Reading Tea Leaves: The Impact of Mainstreaming Fair Trade." *Working Paper Series*. London: Development Studies Institute.
- OECD/WB. 2013. *Integrating Human Rights into Development: Donor Approaches, Experiences and Challenges*. Washington, D.C.: World Bank.
- OHCHR. 2006. "Principles and Guidelines for a Human Rights Approach to Poverty Reduction Strategies." Geneva, Switzerland.
- Pinto, Monica. 2008. "Los Derechos Humanos Económicos, Sociales y Culturales." Pp. 389-97 in *Homenaje a Carlos S. Nino*, edited by M. Alegre, R. Gargarella and C. Rosenkrantz. Buenos Aires: Facultad de Derecho UBA y La Ley.
- Piovesan, Flavia. 2004. "Derechos Sociales, Económicos y Culturales y Derechos Civiles y Politicos." *SUR Revista Internacional de Derechos Humanos* 1(1).
- Piron, Laure-Helene. 2005. "Rights-Based Approaches and Bilateral Aid Agencies: More Than a Metaphor?". *IDS Bulletin* 36(1):19-30.
- Pisarello, Gerardo. 2007. "Los Derechos Sociales y Sus Enemigos: Elementos para una Reconstrucción Garantista." Pp. 1-17 in *Los Derechos Sociales En Tiempo De Crisis*. Barcelona: Observatori DESC.
- Raynolds, Laura T., Douglas Murray and John Wilkinson. 2007. *Fair Trade: The Challenges of Transforming Globalization*. London; New York: Routledge.
- Sen, Amartya. 1999. *Development as Freedom*. New York: Knopf.
- Sen, Amartya. 2009. *The Idea of Justice*. London, UK: Allen Lane.
- Sen, Amartya. 2012. "The Global Reach of Human Rights." *Journal of Applied Philosophy* 29(2):91-100.
- Thomas, Caroline. 1998. "International Financial Institutions and Social and Economic Human Rights: An Exploration." Pp. 161-87 in *Human Rights Fifty Years On: A Reappraisal*, edited by T. Evans. Manchester, UK: Manchester University Press.
- VeneKlasen, Lisa, Valerie Miller, Cindy Clark and Molly Reilly. 2004. "Rights-Based Approaches and Beyond: Challenges of Linking Rights and Participation." Vol. *IDS Working Paper 235*. Institute of Development Studies. Brighton, Sussex.

Wellman, Carl. 2000. "Solidarity, the Individual and Human Rights." *Human Rights Quarterly* 22(3):639-57.

Woods, Kerri. 2014. *Human Rights*. Basingstoke, England; New York: Palgrave Macmillan.

World Bank. 2001. "The World Bank Annual Report." Vol. 1. New York, NY: World Bank.