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The large multinational corporations in charge of our agri-food system : how they try to earn themselves an ethical, pro-development image.

Eventhough it only represents a small share of the market, the Fair Trade movement has become a threat for large food multinationals, particularly for some products like coffee where the movement now represents close to 5% of the volume of transactions.



The Fair Trade movement is characterised by a particular effort of transparency on the way it operates and by the high quality information it provides to consumers about the origin of its products and the principles it applies to ensure a 'fair' trade, among which figure prominently:

- Decent working conditions for producers (farmers, labourers and handicraft workers)
- Prices paid to small producers that are systematically above the market price, with an assured floor price
- Long-term marketing contracts that provide security to producers

- Obligation of participating small producers to group into cooperatives and associations that operate democratically
- Respect of the environment and of natural resources
- Absence of any gender, religion or other discrimination.

Typically, packages in which Fair Trade products can be found provide information on their specific origin (often the particular cooperative from which the primary product comes) and they often point towards websites where it is possible to see concrete examples of what Fair Trade means in the everyday life of small producers.

As is often the case with movements run largely by highly motivated volunteers, Fair Trade associations contrast all these principles with 'unfair practices' widely adopted by large multinationals dominating the 'conventional trade', and that result in many small producers remaining poor and vulnerable, the environment degrading, etc.

Even though most of its products are usually more expensive for consumers than those from 'conventional' (unfair) trade, an increasing number of consumers in rich countries, and more recently some middle-class consumers in emerging countries, buy products from the Fair Trade movement, including food, handicrafts, cosmetic products, clothes, etc.

So, large multinationals feel threatened both from the commercial and even more from the communication/moral perspective.

They have been reacting by launching initiatives, the better known being probably the Swiss-based [4C Association](#) (Common Code for the Coffee Community). Initially, the 4C Association was created by the German Ministry for Cooperation and Development and its technical assistance arm, GIZ, along with the German Coffee Association which groups the main economic actors active in coffee in Germany. Very rapidly, the Association was joined by the Swiss and British Cooperation agencies and by the European Coffee Federation which gathers the main European coffee manufacturers as well as by major companies with interest in coffee like Louis Dreyfus, Nestlé, Lavazza and others.

According to the latest 4C Association [annual report](#) (August 2015), the membership of the association is growing steadily (+33% in 2014) and is geographically rather well balanced in numbers. The report also states that out of a total estimated 25 million coffee producers operating on around 10 million hectares, 4C claims that 1.4 million workers and 1.6 million hectares are involved in producing 4C-compliant coffee and that 29% of global coffee production complies with their 'Entry-level Standard'. These figures suggest that 4C groups the larger and more productive coffee producers in the world. 4C also cooperates with other labels such as [Rainforest Alliance](#) and [Fair Trade International](#). In 2014, 4C certified coffee represented 2.6 million tonnes, compared to 0.5 for Fair Trade International and 0.7 for [UTZ Certified](#).

The list of 4C members shows more than 100 producers (estates and cooperatives), above 30 final buyers (including ALDI, Lidl, Melitta, Nestlé, Tchibo and Tenco), a few civil society organisations (including Fair Trade Kenya, Fairtrade Labelling Organisation Germany, Rainforest Alliance and Technoserve US) and a large number of intermediary buyers of varied importance, among which Louis Dreyfus Commodities, Noble and Sucafina are found.

What does 4C actually do? It:

- Has developed a baseline code of conduct, rules of participation for trade and industry members (this code identified 10 unacceptable practices and 30 baseline criteria with 90 indicators)
- Implements a verification system
- Has support services (organising courses and workshops, providing certification and inspection ISO 65 accredited, ensuring traçability)
- Works with producers producing more than one container equivalent of coffee (others are excluded).

The scope of its programme is stated to be to ban worst practices, increase the sustainability of coffee production and processing in the economic, social and environmental dimension. Members have to pay an annual fee to benefit from all the services provided.

Are excluded from the association's activities:

- Any rules regarding prices, which are left to the market, without any membership premium, a major difference with Fair Trade
- Any negotiation among 4C members.

In a nutshell, 4C applies a code that excludes some unacceptable practices, provides training for better management of coffee crops (including more efficient pesticide management), but does not seek to improve working conditions or the remuneration of producers. It is clear from this summary description that 4C practices are not compatible with the principles applied by the Fair Trade movement described above. It is important to make this quite clear with consumers. In a way, what 4C does seems 'good' for productivity and to some extent for natural resources (although synthetic pesticides are allowed), for coffee manufacturers and for consumers but not really for the large majority of producers.

The [Specialty Coffee Association of America](#) (SCAA) compared in 2009 various initiatives such as 4C, [Rainforest International](#), [Smithsonian Bird Friendly](#), [UTZ Certified](#), Organic and [Fair Trade](#) (see table). Only with Fair Trade is the price, income and working conditions of producers really taken into account, and modalities of trade altered to be made more equitable. The other associations do not seek to modify inequitable international trade rules and thus tackle one of the main causes of poverty.

To us, in [hungerexplained.org](#), it seems essential that the Fair Trade movement communicate more clearly on the differences existing between its principles and the rules applied by organizations like the 4C Association, and on the implications these differences have on the way international trade is being conducted and on what the working and living conditions of millions of farmers and handicraft workers are.

Among other initiatives, similar to 4C but for other commodities, one can list organisations such as the [World Cocoa Foundation](#) (with members like Mars, Lindt, Kellogg, BASF, Haigh's, Godiva, Noble, Cargill, Starbucks, AgroTraders, Barry Callebaut, Ferrara, Cemoi, Valhrona, Nestlé, ADM and many others) and the Washington-based [Sugar Association](#) (with a '*mission of educating health professionals, media, government officials and the public about sugar's goodness*').

This communication effort by the Fair Trade movement appears essential or else, the movement's message will be lost in the communication noise made by multinationals and their associations.

To know more:

- 4C Association website, <http://www.4c-coffeeassociation.org>
- 4C Association, [Annual Report 2014](#), 2015
- Specialty Coffee Association of America (SCAA), [Sustainable Coffee Certifications A Comparison Matrix](#), 2009
- [World Cocoa Foundation](#) website
- [Sugar Association](#) website
- [Rainforest Alliance](#) website
- [Fair Trade](#) website
- [Artisans du Monde](#) (in French only)

Earlier articles on hungerexplained.org related to the topic:

- [In the US, the industrial food and agriculture sector spent hundreds of millions on communication to influence the media, consumers and policy. What about in Europe?](#) 2015
- [The large multinational corporations in charge of our agri-food system...: upstream corporations](#), 2014
- [Main stakeholders of food and agricultural policies and their motivations](#), 2013