

## Ethical Coffee Sourcing

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Abstract: Coffee is a culture that many participate in, but few examine closely enough to identify the social injustices and the issues of sustainability associated with coffee. My main claim is that the coffee consumer has an ethical obligation to respect basic, universal human right of the producers of coffee: to receive fair remuneration for their work and product. To that I end, I had three main learning objectives: understand the Fair Trade and Direct Trade standards as well as the benefits and drawbacks for producers, understand how Starbucks' C.A.F.E. practices may differ from other certifications, and examine the ethical obligations that the coffee consumer has to the producer through the human rights perspective. I compared Starbucks sourcing practices and C.A.F.E. standards to Fair Trade and Direct Trade standards, specifically Counter Culture Coffee and Stumptown Roasters Direct Trade practices. Ultimately, I advocate for Fair Trade purchasing by consumers as the best way to mitigate social injustice issues, to promote sustainable coffee growing practices, and for its transparency quality. Social justice as an aspect of sustainability will be the main focus of this paper; to that end, soil quality, water usage, shade grown, organic (etc.) will not be explicitly discussed, except when a coffee certification mandates environmental standards.

When you drive to the most convenient coffee shop on your way to work at 8am, are you thinking about the quickest and cheapest way to get your caffeine fix or are you thinking about how your coffee choice may impact someone's life (for good or bad)? Most capitalist consumers are either relatively ignorant or willfully ignorant of the crucial examination period before purchasing. The relatively ignorant are those who have never considered the extent that their purchases make an impact the producers. It is likely that the entirely ignorant do not know from where coffee comes. The willfully ignorant have an inkling that their purchases might matter but choose to ignore the consequences of their purchasing habits. They may understand that ethical issues are inextricably linked to purchasing but refuse to change. These states describe the vast majority of privileged, passive consumers.

Undoubtedly, there is a fundamental disconnect between consumers in the Global North and producers in the Global South. This disconnect is a failure to recognize the common humanity in others. The gap between the consumer and the producer must be closed. However, while the passive consumers fail to use their purchases to create social change, the active consumers can close the gap through willful concern and awareness about the people who produce their coffee. They can spur change by being conscientious coffee consumers; although the active consumer also has to be savvy and discerning to be able to wade through the different certifications of coffee to identify what practices will benefit the coffee producers and the earth. Truly, unethical coffee consumption a social justice issue, as it centrally focused on a basic human right: to be paid fairly for one's work. It takes an active, ethically motivated consumer to seek out information about what they what they purchase and the conditions under which the people who made the product live, work, and are paid.

Who is morally culpable; the relatively ignorant and/or the willfully ignorant? While it is easy to remain ignorant, it is extremely difficult to be willfully aware. This is because the globalized, free market is not designed for ethical consumption; rather, it is designed for blind over consumption. Globalization hides estranges the consumer and the producer to the point where the Global North has no idea from where most of its product come. Hence, transparency is a non-existent policy.

### **Historical Background**

Due to a number of factors, such as a history of colonialism, the expansion of Free Trade principles, and the globalization of the economy, the coffee consumers and suppliers in the Global North have commodified the labour of coffee producers in the Global South, thus reducing them to their product. The Global North has a long history of colonization in the Global South, where most coffee is grown. Exploitation is a sordid part of colonization and the legacy of exploitation continues with the globalization of the world economy. People in the Global South are commodified for the labor. Globalization, along with the main principle of Free Trade, which is little governmental interference in commerce and trade, have situated poor farmers in the Global South in an immovable place where they rarely receive fair prices for their products. In this way, the global economy sees coffee producers as a commodity. A brief history of coffee sheds light on how coffee became widely accessible throughout the world; this globalization has led to the disconnect between producer and consumer.

Coffee was spread from Africa to the Middle East through the slave trade in the 1500s. Dutch colonists began growing coffee in India by the 1600s and, subsequently, brought coffee back to the Netherlands (ico.org). Its consumption spread across Europe, prompting the opening of many of the first coffee houses in London, Paris, and Venice (Bar-Tura). Toward the end of the 1600s, coffee came to North America, although it became America's new "national drink" in 1733 when Americans

lost their taste for tea with the Boston Tea Party. Coffee drinking was then an act of patriotism (ico.org). According to the International Coffee Organization, the demand for coffee rapidly increased in the 20th century; by “1946 annual per capita consumption was 19.8 pounds per year” (ico.org). The 1970s marked the beginning of the Seattle coffee culture with the opening of the first Starbucks at Pike Place Market.

In the last one hundred years, the coffee market has been controlled by the International Coffee Agreements. Successive agreements were supposed to help maintain steady prices despite fluctuations in both supply and demand over the years. These agreements mandated certain quotas of coffee be withheld from the market to prevent a drop in price. However, quota renegotiations with the International Coffee Agreement of 1989 failed, which led to a historical period of price instability for farmers (ico.org). The failure of the International Coffee Agreement displays the importance of fair pay movements, which seek to repair some of the damages incurred by globalization. Ethical trade movements are based on the premise that consumers are averse to the idea of third world poverty and inequality (Basu, Hicks).

With the goal of being willfully aware coffee consumer, I set about the task of identifying the most sustainable and socially just coffee certification. To do this, I explored Fair Trade standards, Starbucks’ C.A.F.E. standards, and Direct Trade standards. I also took into account the benefits and drawbacks of each type of coffee for the producer.

### **Uncertified Coffee**

In order to fully understand coffee certifications, it is important to understand what traditional, uncertified coffee is. Typically, large coffee plantations, small, “passive” organic (farmers who use no agrochemicals or fertilizers but who are not organic certified) or poor producers, and those who choose

not to acquire a certification produce traditional, uncertified coffee. Large coffee plantations and poor farmers cannot acquire Fair Trade certification and some choose not to be certified because, along with many benefits, Fair Trade places certain restrictions on farmers. There are no environmental, development, labour, or minimum wage standards. It is important to note that most of the coffee on the market is traditional and uncertified. These farmers are completely subject to the volatile coffee market and subsequently face price instability.

### **Certifications: Fair Trade**

In order to evaluate the most ethical way to consume coffee, it is important to have a thorough understand of the goals, standards, and implications of each certification. The Fair Trade movement began in Europe in the late 1980s and by 1997 Fair Trade International (FLO) was created to unite the Fair Trade labelling initiatives ([fairtrade.net](http://fairtrade.net)). In 2004, the international labelling organization divided into two separate entities, FLO-CERT and the FLO. FLO-CERT is the entity that audits or verifies that producers that hold or applying for certification are adhering to Fair Trade standards set by the FLO ([fairtrade.net](http://fairtrade.net)). Many countries have their own Fair Trade label, such as Fair Trade USA, formerly known as TransFair USA. The Fair Trade movement has the benefits of international cooperation, long standing and effective standards, and a comprehensive approach.

Fair Trade USA “audits and certifies transactions between U.S. companies and their international suppliers to guarantee that the farmers and workers producing Fair Trade Certified goods are paid fair prices and wages, work in safe conditions, protect the environment and receive community development funds to empower and uplift their communities” ([fairtradeusa.org](http://fairtradeusa.org)). All certified products have a Fair Trade label. This enables American consumers to easily identify products.

The Fair Trade movement is perhaps most commonly known as an initiative to establish fair

wages for farmers. According to the Fairtrade Minimum Price and Fairtrade Premium Table, the minimum price from 1.40\$/lb of conventional, Arabica (non-organic) coffee. This price covers the cost of production and guarantees the farmers this price, even if the market price drops below the Fair Trade minimum floor price. Organic coffee is eligible for an additional organic “differential”, which was raised from .20\$/lb to .30\$/lb. In addition, farmers receive a development premium, which was recently raised by the FLO from .10\$/lb to .20\$/lb. This is desirable because it allows farmers to make a profit from their coffee crop. Because of the nature of Fair Trade certification rules, it also ensures that some of the money is funneled into community development.

While a major aspect of Fair Trade USA is to establish minimum prices, their mission statement outlines goals that go far beyond simply money: “Fair Trade USA enables sustainable development and community empowerment by cultivating a more equitable global trade model that benefits farmers, workers, consumers, industry and the earth. We achieve our mission by certifying and promoting Fair Trade products” (fairtradeusa.org). Five cents of the development premium must go into some community or farm development project. In this way, Fair Trade can ensure that the extra money that farmers receive from their product is being invested in community empowerment and sustainable development. The money could also be used to build a school or to fund a well project. Farmers may use this to increase efficiency and profitability on the farm by purchasing new equipment or investing in organic certification. Fair Trade is also committed to promoting sustainable coffee production, such as discouraging the use of agrochemicals, encouraging proper water management, and prohibiting GMOs. About 30% of producers invest part of their premiums in sustainable development projects.

While Fair Trade does mitigate some issues, such as not receiving a fair price for their product,

it is not a complete fix for all farmers. First, no matter how thorough the audit and verification process is, some standards at certain farms may not be upheld completely. There is no way for FLO-CERT to watch each farm constantly, although few farmers would jeopardize losing their certification. Second, Fair Trade certification is expensive and is simply not attainable for poor, small farmers. While fees are charged based on a number of contingencies, such as how large the farm is, if they have subcontractors, and the farm is getting more than one product certified, the initial audit fees plus the annual fee for a small, mostly family maintained farm is roughly 2,600 euros (over 3,400 USD). This is an estimate of the minimum fees. However, this is mitigated by FLO's Producer Certification Fund ([fairtrade.net](http://fairtrade.net)). Farmers can apply for up to 75% of the fees to be covered if they cannot reasonably pay the certification costs. The Organic Consumers Association provides an interesting critique in an article entitled "The Pros and Cons of Fair Trade". Fair Trade and organic certified coffees may be priced out of the market. When displayed next to traditional, cheap coffee at the supermarket, Fair Trade and organic coffee is likely going to be more expensive, which might mean that it will be passed over by the less ethically, environmentally motivated consumer, as well as the uneducated consumer. Finally, the certification itself is only available to the select coffee producers. In order to qualify, the coffee growers must be a small family farm that belongs to a democratic co-op ([organicconsumers.org](http://organicconsumers.org)). This leaves out small farms that are not part of a co-op and big coffee plantations. Consequently, this limits the reach of Fair Trade.

### **Starbucks C.A.F.E. Practices**

Starbucks is one of the largest coffee suppliers in the world. Consequently, their sourcing practices set the tone of sourcing in coffee culture. It touts that purchases more Fair Trade certified coffee than any other entity, 8.1% or 44.4 million pounds of coffee (at most). This is misleading because it makes it sound like Starbucks is committed to Fair Trade sourcing, which is significant only in that



Starbucks is a large company with buying power. These numbers are less impressive when compared to the 545 million pounds of uncertified coffee purchases each year (Starbucks.com).

Instead of committing to an established system which, while not perfect, is arguably one of the most comprehensive approaches to equity for coffee farmers, Starbucks has created their own certification called C.A.F.E. (Coffee and Farmer Equity) Practices, which serve as a pseudo-fairtrade certification. Starbucks is notorious for resisting the Fair Trade movement, therefore the creation of C.A.F.E. Practices was likely a way for Starbucks to evade the stringent standards of Fair Trade. According to Starbucks.com, 86% of the coffee purchased in 2011 was C.A.F.E. certified, 367 million pounds of the 428 million pounds total. The goal is to have 100% of the purchased coffee C.A.F.E. certified by 2015.

This is not to say that C.A.F.E. Practices are useless standards for Starbucks to institute especially since C.A.F.E. practices are third party certified. This is a third party verified (SCS Global Services) certification, is an important aspect of any credible certification practice because third party verification can hold an entity like Starbucks accountable to C.A.F.E. standards

Some standards are mandated. For example, all workers will be paid the national or regional minimum wage in the country of production (which is problematic because the minimum wage in a producer national may be even less than the floor price). There are some standards that are encouraged, such as protective gear for workers working with chemicals. Many of the standards are similar to Fair Trade standards. For example, both Fair Trade and C.A.F.E. practices have restrictions on child labor.. However, many important standards are merely recommendations or favoured criteria, instead of being mandated. For example, environmental stewardship practices and community development are not critical requirements. C.A.F.E. Practices lack the comprehensive approach of Fair Trade.

As with any capitalist critique, it is easy to point fingers at large corporations such as Starbucks. However, Starbucks C.A.F.E. practices are a form of tokenism. Tokenism becomes a kind of marketing technique. When conscientious consumers demand more socially just and environmentally sound practices, Starbucks can point to the small amounts of coffee that they purchase that is C.A.F.E. or Fair Trade sourced. However, this is just a way to pacify the less discerning consumer and is not a change motivated by the premise of Fair Trade (that first world consumers are truly averse to third world poverty). It is corporate tokenism.

### **Direct Trade**

Direct trade is an initiative taken on by individual coffee roasters to create direct, individual relationships with coffee farmers. This involves meeting the farmers on their farms; the roasters close the gap between the Global North and Global South by going to Africa, South America, or Southeast Asia to see each farmer's coffee operation. The goal of Direct Trade is to create a long lasting, respectful relationship with farmers, thusly pairing an individual or family to their product. In this way, people are not reduced to their labor or their product; farmers maintain their humanity and are not relegated to how little for which their product can be bought.

Counter Culture Coffee is the only roaster that has a codified set of standards and third party verification for Direct Trade. Counter Culture uses four simple, quantifiable measures as part of their certification, according to [counterculturecoffee.com](http://counterculturecoffee.com). Counter Coffee is committed to personal and direct communication. To do this, members from the roaster visit on at least a biennial basis. Second, Counter Culture will pay their farmers a minimum of 1.60\$/ lb, not including premiums. According to Counter Culture's transparency report from 2011, which shows exactly how much each type of coffee brought, every coffee brought a higher price than the minimum. Third, Counter Culture is committed to

maintaining 100% transparency in their supply chain. Essentially, relevant financial information is made available to all links in the supply chain . In addition, the roaster is also committed to high quality coffee. Counter Culture's third party certification, Quality Certification Services, is a USDA certifier of food products (counterculturecoffee.com). Stumptown is another main roaster that has similar buying practices, although it is not certified.

There are several benefits to farmers who sell to a direct buy roaster. Farmers who sell to Counter Culture do not incur any certification fee. This is because the roaster certifies the coffee not the farm. While Fair Trade certification is only open to small family farms that are a part of a democratic co-op, direct trade has no such standards. Those fringe farms that are not part of a co-op, large coffee plantations, and co-op farms can all receive Direct trade certification or participate in direct sourcing. Another benefit is that roasters negotiate directly with the farmers or the co-ops on price. Stumptown, for example, negotiates directly with farmers for a price during every harvest based on the quality of the coffee beans and the cost of production, which may vary from year to year.

There are two major drawbacks to direct trade. Aside from Counter Culture, there are no codified standards established by an international body, as with Fair Trade. Hence, roasters can call themselves direct trade and the consumer has to take them at their word that they are. To this end, there are no development premium requirements. This is important because it ensures that fair pay can benefit the whole community not just one individual or one family.

## **Recommendations**

Ultimately, I advocate for purchasing Fair Trade products over other certified and uncertified products. Fair Trade is a movement born out of the idea that people of privilege are truly averse to poverty in the world. These consumers are willing to pay a little extra if it means that farmers will not be

living below the subsistence level. Fair Trade is codified and comprehensive, which makes it more favourable than Direct Trade as it currently stands. In addition, Fair Trade has the development premium which ensures that the fair wages are being used to help improve farming techniques and communities.

### **Justification**

I will briefly present three moral frameworks for the consumer to consider: an appeal to the Declaration of Human Rights, the imagined community, and a Marxists critique of the nature of the Free Market. These three frameworks emphasize the common humanity that all people share and use this commonality as a way to orient or anchor moral interactions.

Consumers have a fundamental duty to ensure that their buying habits do not exploit other people. One way to protect coffee farmers in the Global South is to promote fair wages. Fair pay for one's work is, in fact, a basic human right, according to the Universal Declaration of Human Rights. Definitionally, a human right is inalienable and unconditional; national, racial, social, economic identities do not make human rights conditional. Consumers in the Global North tend to ignore this fact because people in the Global South are so far removed from their consumer reality. According to the Universal Declaration of Human Rights, which transcends national boundaries, formulated by the United Nations, "Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection" (un.org). As humans, we have a duty to our human family to not violate one another's rights. If buying traditional, uncertified coffee is responsible for a violation of the basic human right of being paid adequately enough for one's work that one can "ensure for himself and his family an existence worthy of human dignity" (meaning adequate living conditions, food, health care, etc), then the consumer

is morally culpable. Because the consumer's world is global, purchases have global effects.

Globalization has developed an interesting moral tension in the consumer. In the consumer's mind, one has an obligation to one's own people and one's own economy over the interests of other people and other economies. Peter Singer dismisses this thinking in favour of adopting a "one world moral standard that transcends the nation-state" (Singer, 153). Why does nationality trump common humanity in terms of moral consideration? Singer describes Benedict Anderson's concept of the imagined community; the imagined community refers to a common national identity among members of a state that, "though citizens never encounter most of the other members of the nations, they think of themselves as sharing an allegiance to common institutions and values" (Singer, 170). Citizens of a nation can identify with one another because of the commonality of national identity. However, in the age of globalization, the citizen or global consumer should reconsider the value of nation borders: "We need to ask whether it will, in the long run, be better if we continue to live in the imagined communities we know as nation-states, or if we begin to consider ourselves as members of an imagined community of the world" (Singer, 171). If we begin to imagine ourselves as part of a larger human community, then the global community will need to fit into one's sphere of moral considerability. When the people of the world fit into the sphere of moral considerability, then consumer actions, ideally, will be less exploitive. If, as a coffee consumer in America, I broaden my own sphere of moral considerability to imagine myself as part of a global community, then I would have a moral obligation to consume coffee in such a way as to not exploit those in the Global South who are as equal a part of the community as my next door neighbour or family member.

Considering universal human rights and the imagined moral community are two frameworks that can inform a larger understanding of the world and the consumer's moral role within it. Another way to

critique the consumption practices of the Global North is from a Marxist perspective. Marx cites the development of Modern Industry as the beginning of exploitation by the bourgeoisie (the capitalists). The bourgeoisie, Marx says, “has left no other nexus between man and man than naked self-interest, than callous “cash payment”...It has resolved personal worth into exchange value” (Marx, 323). Globalization has made this evident. For example, my only connection as a person from a capitalist country with a producer from a third world country is as a consumer. The Free Market has made it possible for the first world to benefit from exploitative labor in the third world. The capitalist bourgeoisie see the labor force as a means of production, not as people. The labourers are seen only for their labour and not for their humanity: “These labourers, who must sell themselves piecemeal, are a commodity, like every other article of commerce, and are consequently exposed to the vicissitudes of competition” (Marx, 328). Marx presents communism as a solution the exploitation of the proletariat labour class. Communism rejects the exploitation of the many for the benefit (accumulation of property) of the few. The labor of the labourer should increase his own wealth, not the wealth of the ruling class: “All we want to do away with is the miserable character of this appropriation, under which the labourer lives merely to increase capital and is allowed to live only insofar as the interests of the ruling class require it” (Marx, 336).

#### Appendix One: Recommendations for Pacific Lutheran University’s buying practices

Currently, PLU buys a shade grown, organic, Fair Trade coffee blend from Seattle’s Best. Initially, this would seem like an ethical and sustainable sourcing choice and in some ways, it is a good optional. This coffee is being grown in an environmentally friendly way because it is certified organic. This means no agrochemicals or fertilizers which means no soil and water contamination. Fair trade also

mandates that no GMOs are used and provides price increase incentives for organic. However, I argue that PLU should not have a contract with Seattle's Best because Seattle's Best is a subsidiary of Starbucks. The Fair Trade that Starbucks, and by extension Seattle's Best, buys is a form of tokenism because Fair Trade makes up a small percentage of what the company buys. Regardless of how much of the Fair Trade market Starbucks takes up, the corporation is still responsible for exploitation in the world, specifically in Ethiopia, where Starbucks is directly responsible for a famine. Until Starbucks reforms its practices so that it is paying all of its coffee producers a fair price, PLU should buy from another, more ethical company. While Stumptown is not a Direct Trade certified roaster, their mission and execution of buying practices is about bridging the gap between producer and consumer in such a way as to make personal connections with growers. Stumptown cultivates personal relationships with their growers and shares those with the consumer. They visit all of the coffee farms and know the coffee farmers personally. This allows Stumptown to negotiate a fair price directly with the producers. This helps the consumer to be willing to pay more for coffee that was grown ethically.