

The Love of Fair-Trade Coffee

Economic Prospect

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September 9, 2022

My experience with fair trade coffee is in Thailand with Simple Coffee, a business that was started and is still led by Jason Weimer with Encompass World Partners. His goal has been to build bridges to customers, employees, and coffee growing partners. These bridges are worthy in themselves and also connect him to people he can help, serve, and talk to about the gospel of Jesus.

It seems every café, following Starbucks, has a variety of coffees identified by detailed labels and often showing evidence of a partnership with specific coffee growers. These are usually Fair-Trade (FT) coffee growers who sell fine tasting arabica coffee, grown in less accessible higher elevations and sold as beans, rather than the industrial grade low country Robusta coffees of Brazil and Vietnam sold as instant or ground coffee that fill the coffee machines in the offices, fast food restaurants, and gas stations of the world.

There are a variety of good reasons to be interested in FT coffee. The main idea is to provide small coffee growers with a better income rather than relying on an often-brutal coffee market. Of course, there is also the benefit of better coffee and the panache of being able to discuss your favorite coffee or the beans you buy and grind yourself and demonstrating your concern for justice for coffee growers of the world.

Coffee is a commodity grown in such quantities and with such small profit margins that it is very difficult for people anywhere to make a real living on coffee. However, coffee consumption has increased considerably making room for more coffee growers. In fact, Vietnam has become a major coffee grower only since 1990s. Still, there are ruinous downturns in prices in years when there is a massive global crop. That is when the Fair-Trade Association can provide a higher price for coffee making it worthwhile for coffee growers to join.

The early criticism of FT coffee was that of the \$0.25 per cup a customer might pay extra for FT coffee only a few pennies went to the actual grower. The virtuous and charitable intention might just be an illusion.

Victor Claar, who loves Fair Trade Coffee, especially Tanzania Peaberry, assures us that FT coffee pays a local minimum wage, uses no child labor, and guarantees a price per pound. The issue is that that there is much too much FT coffee for the market. Only about one third of FT coffee is sold this way. (Cato Daily Podcast July 28, 2022).

In addition, joining the FT Association costs €500 plus a compliance assurance fee ranging from €1000-€4000 annually. That's a lot, but many join even though they may sell only a third of their coffee at this higher price. In fact, a grower may not sell any coffee at this price if they cannot find a Fair Trade buyer.

Another problem is that coffee from Tanzania (annual income about \$1,000), or other out of the way places, is too remote to attract coffee buyers. It's easier for buyers to deal with Peru, a more developed nation but the income there is about \$6,000 annually. The really needy Tanzanians are far too remote.

In a ten-year study of both conventional and FT coffee growers in the same regions, the FT growers were not really better off due mostly to the fees. Growers join as an insurance for the years when they do not sell all their coffee at the FT price. At least they will likely sell their whole crop.

"Coffee brings people together," says Weimer of Simple Coffee. His shops show pictures of partner coffee growers in Thailand and Vietnam; growers he visits himself. This means that people drinking coffee or purchasing 'small batch' beans in his shops can add a sense of connection with those growers. They connect people in many ways; the coffee consumed with friends, the coffee from a shop selected for its coffee, and the sense of connection with the growers rather than a K-cup at the office. Removing coffee from the equivalent of a railyard elevator to the connection in every step of the growing and brewing route is and feels worthy.

An economist would tell coffee growers to be sure that their children are educated and computer literate so that they can get good jobs in the city. But there is a deepening love for coffee in the West that longs for the connection with the soil, the coffee culture, and the local people who grow it for them. Coffee is not only a ministry it is a passion. Howard Schultz is turning Starbucks over to Laxman Narasimhan because he gets it.