

'Fair' coffee workers paid below minimum wage

By Hal Weitzman in Lima, Financial Times, 9/8/06

"Ethical" coffee is being produced in Peru, the world's top exporter of Fairtrade coffee, by labourers paid less than the legal minimum wage. Industry insiders have also told the FT of non-certified coffee being marked and exported as Fairtrade, and of certified coffee being illegally planted in protected rainforest.

This casts doubt on the certification process used by Fairtrade and similar marks that require producers to pay the minimum wage.

It also raises questions about the assurances certifiers give consumers about how premium-priced fair trade coffee is produced.

As the board member of one Peruvian Fairtrade-certified coffee producer told the FT: "No certifier can guarantee they will purchase 100 per cent of a co-operative's production, so how can they guarantee that every bag will be produced according to their standards?"

Though certified coffee makes up less than 2 per cent of the global coffee trade it has become increasingly mainstream as large retailers such as Starbucks and McDonald's adopt it.

The FT visited five Peruvian smallholdings, all of which have Fairtrade certification.

Each farm hires 12-20 casual coffee pickers during the harvest season. All house and feed their workers, which allows them to deduct 30 per cent from their wages.

After that reduction from the legal daily minimum wage for casual agricultural workers of 16 soles (\$5), farm owners are still obliged to pay at least 11.20 soles a day. In four of the five farms visited by the FT, pickers received 10 soles a day, while the other farm paid workers 12 soles a day.

Luuk Zonneveld, managing director of Fairtrade Labelling Organizations International, the Bonn-based body that sets fair trade standards, told the FT that the certification system "is not fool-and leak-proof" but said the problem should be put in context.

"Poor farmers often struggle to pay their workers fairly," he said. "Why are casual labourers there at all? There are wider issues here. We need to ask why this goes on and what we can do to help."

A number of industry insiders told the FT they had also witnessed fraud within the certification system which resulted in coffee from uncertified sources being exported as Fairtrade.

The FT has also been told of Fairtrade coffee being planted in protected national forest land in the northern Peruvian jungle. Using global satellite mapping, a Canadian NGO found that about one-fifth of all coffee production in one Fairtrade-certified association was illegally planted in protected virgin rainforest.