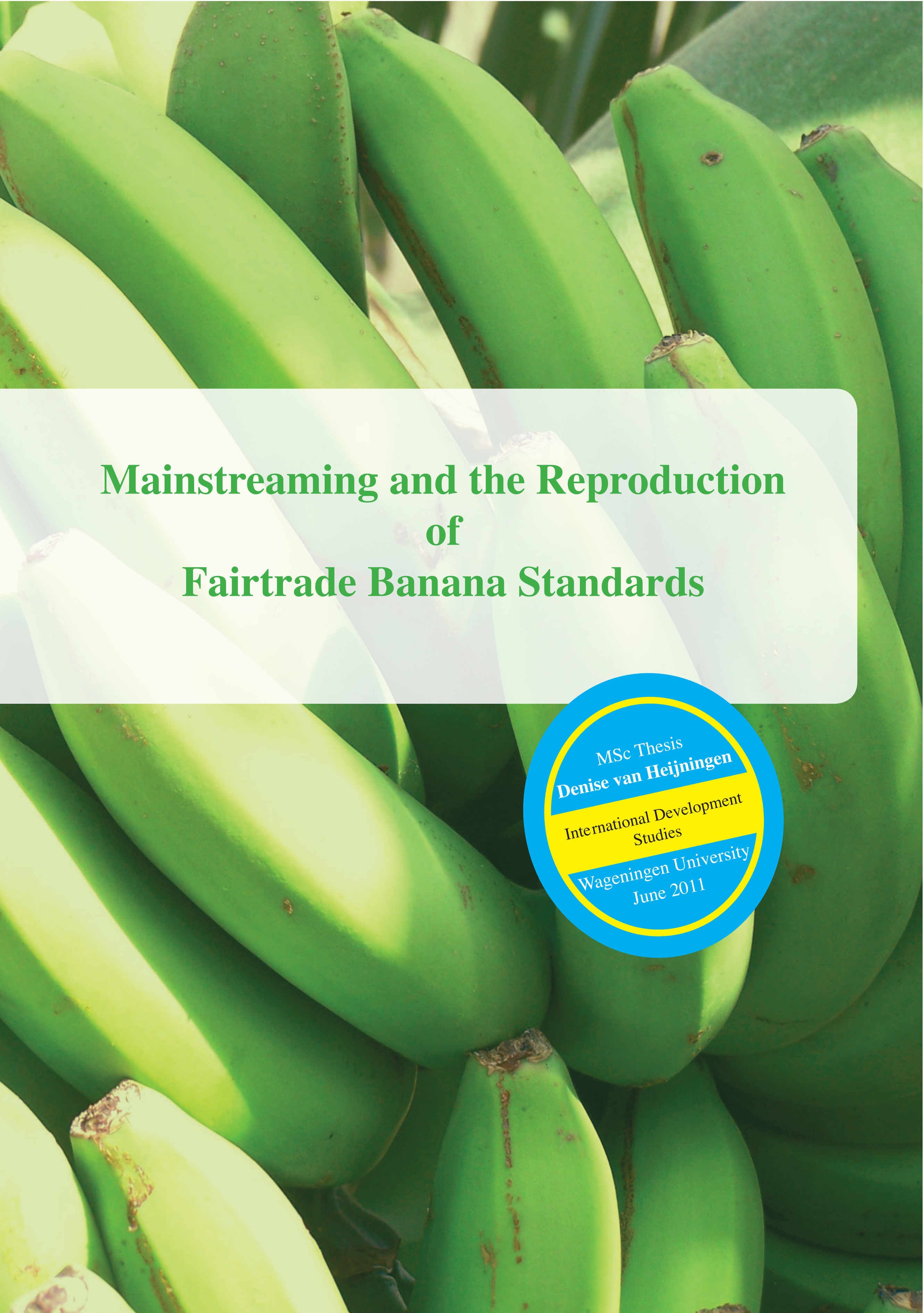

Mainstreaming and the Reproduction of Fairtrade Banana Standards

MSc Thesis

Denise van Heijningen

International Development Studies

Wageningen University

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Mainstreaming and the reproduction of Fairtrade banana standards

Denise van Heijningen
Wageningen University, Wageningen
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Supervisor: Dr. B.C. van Mierlo

Supervisor: Prof. Dr. Ir. C. Leeuwis

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Denise van Heijningen

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Abstract

Market-driven firms like supermarkets and large brand corporations sell the largest and fastest growing share of Fairtrade products, bringing Fairtrade further and further into the mainstream economy.
The mainstreaming of Fairtrade makes Fairtrade standards subject to reproduction according to market and industrial conventions. This thesis has studied the influence of mainstreaming on the reproduction of Fairtrade banana standards, taking into account that standards are coordination mechanisms which incorporate social, political and economic interests, and considering actors in the Fairtrade banana chains to be active agents in the process of standard reproduction.

A framework of governance chain analysis has been applied to study power relations between actors in Fairtrade banana chains, in cross-junction with the identification of social conventions that guide the reproduction of standards. Based on a case study of three different Fairtrade banana chains, it is argued that Fairtrade banana standards are under influence of mainstreaming, but that the recently reinforced position of producers cooperatives concurrently acts as a counterforce, to the prejudice of fruit companies. This results in the reproduction of standards for *long-term relationships, contracts* and the *Fairtrade minimum price* according to industrial and market conventions, the emergence of side effects in the reproduction of the *traceability* standard, and the imposition of additional quality demands on suppliers, while standards for *democracy, participation and transparency*, and *labour conditions* remain forthwith uninfluenced.

Table of contents

Introduction

The Fairtrade movement wants to serve the interests of small-scale producers and preserve the environment offering an alternative to conventional trade. The last few years, the Fairtrade business and Fairtrade consumption have grown rapidly in Europe. Large brand corporations and supermarkets are responsible for the majority of this growth, releasing Fairtrade to new groups of consumers. These 'market-driven' firms, which appear to have little allegiance to Fairtrade's original mission, sell the largest and fastest growing share of Fairtrade products, bringing Fairtrade firmly into the mainstream economy.

Critics point out that these firms, which do not support Fairtrade norms in the majority of their business, might undermine fundamental values incorporated in the standards and cause weakening of the original Fairtrade standards (Taylor, 2005). Industrial and market conventions aimed at traceability, quality control and price competition are said to prevail over social and environmental standards. Research has shown how especially supermarkets play a dominant role in supply chains, controlling what is produced how and for what price, and requiring suppliers to meet a growing range of standards for food qualities (Gereffi, 1994; Vorley, 2004; Ponte & Gibbon, 2005; Raynolds & Wilkinson, 2008).

Case studies in the Fairtrade coffee chains, indicate that commercial parties put pressure on Fairtrade standards which incorporate key issues like paying minimum prices, maintaining long-term partnerships, pre-financing contracts, supporting the democratic development of producer's organizations, and upholding fair labour conditions (Renard, 2005; Raynolds, 2009). The majority of these publications focus on the impact of mainstreaming on producers, applying a model of governance chain analysis to study forms of governance and business models and their relative merits.

In this review, standards are not seen as a set of *'fixed'* formally documented rules and legislations, but as coordination mechanisms that incorporate social, political and economic interests and therefore shape social and material relations and practices in commodity chains (Schmidt & Werle, 1998; Bowker & Star, 2000; Busch, 2000). These practices in turn affect what effect standards have (Van der Kamp, 2010). Standards are reproduced in everyday activities by individual actors in commodity chains, therefore this study includes daily practices in supply chains and takes agency of actors into account. To study how standards are reproduced, social conventions theory has been applied, as it offers a framework for identifying conventions rooted in actors, practices, place, and social and ecological concerns that guide the reproduction of standards (Barham, 2002; Murdoch & Miele, 2004; Raynolds, 2002, 2004; Renard, 2005).

As few studies relate to how standards are reproduced in everyday practice under influence of mainstreaming, this review aims at gaining a deeper insight into this proces and its outcomes by analysing the governance of chains in cross-fertilization with the identification of social conventions. Most discussions about Fairtrade standards draw primarily on evaluations of the coffee chain, therefore this study specifically focuses at the reproduction of Fairtrade *banana* standards, the largest Fairtrade product in terms of volumes which has a relative long history and involves large commercial retailers and fruit companies.

For the purpose of this thesis, a case study into three different Fairtrade banana chains has been designed, of which two chains (chain 1 and 2) are part of the mainstream economy, and one chain (chain 3) has its roots in the NGO sector. Gereffi's (2005) theory for governance chain analysis has been applied to find out which forms of governance and business models are active in the three chains, and how these forms and models influence power relations. In addition, the reproduction of banana standards from paper to practice has been studied in coherence with the identification of four groups of social conventions which guide this reproduction. Finally, these findings have been merged and outcomes have been compared between chains 1 and 2 on the one hand, and chain 3 on the other hand in effort to answer the question *how mainstreaming has influenced the reproduction of Fairtrade banana standards.*

This introduction is followed by an analysis of the problem in Chapter 1. Chapter 2 attends to the theoretical framework, while Chapter 3 describes the research objective and consequent research questions,. Chapter 4 explains the applied research strategy, and Chapter 5 discusses the development and use of Fairtrade systems and standards. Findings related to power relations, social conventions and the reproduction of Fairtrade banana standards are reported in Chapters 6 and 7. Chapter 8 finishes with drawing conclusions and discussing possible implications and limitations.

Chapter 1 Problem analysis

Recent publications about developments within the Fairtrade business indicate that the growing influence of commercial firms brings several challenges to the Fairtrade production chains and Fairtrade standards. Although, commercial firms are expected to uphold Fairtrade standards an key issues, there is concern that these 'uncommitted' buyers which do not support Fairtrade norms in the majority of their business arrangements, might cause weakening of the original standards (Raynolds, 2009). Taylor (2005) expresses the concern that the emphasis on markets caused by mainstreaming will undermine fundamental values incorporated in the standards. The commercial agenda can change the character of Fairtrade standards by introducing new types of coordination which are mainly characterized by switching between suppliers based on price (Barrientos and Smith, 2007).

1.1 Supermarkets and large corporations in Fairtrade chains

Studies show how brand corporations like Nestle, Procter & Gamble (coffee) or Dole (bananas) pursue mainstream business norms and practices and limit their efforts in Fairtrade to the miminum that serves expectations of consumers. Social and environmental standards are subordinate to industrial and market conventions which are aimed at traceability, quality control and prize competition (Shreck, 2003; Renard, 2005).

Supermarkets have so much power within their supply chains that they can exercise control over what is produced, how when and at what price (Gereffi 1994, Vorley 2004, Ponte and Gibbon 2005). Raynolds and Wilkinsons describe the emergence of buyer-led production networks in which supermarkets play a dominant role and require suppliers to meet an expanding range of standards for food qualities, including social and environmental attributes (Raynolds, 2008). Recently, supermarket-own brand Fairtrade goods are introduced that carry both the name of the supermarket and the label of the Fairtrade certification organisation called Fairtrade Labelling Organizations International (FLO). Although FLO standards are normally met, this business model is likely to have different implications for impact on the producers which were originally meant to benefit from Fairtrade (Tallontire, 2009). Together with the own brand Fairtrade products, supermarkets increasingly introduce own quality standards, which include the conditions under which a product is produced and processed. This makes it possible for supermarkets to take a major piece of the Fairtrade market, without getting involved in low-value activities or developing close long-term relationships with suppliers, both important issues in the original approach to Fairtrade (Raynolds, 2008).

1.2 Standard making and reproduction

Since 1997, the formal documentation of Fairtrade standards for both producers and buyers is executed by Fair Trade Labeling Organizations International (FLO). As a growing number of 'conventional' companies are using Fairtrade standards, the commercial pressure on the standards increases, urging FLO to make its approach mainstream 'proof' by making standards more transparent, financially viable and accountable to all stakeholders, drawing from ISO Guide 65 (Renard, 2005). Besides the process of formal documentation, the internalisation and reproduction of standards by actors in the value chains is an important factor for the workings of Fairtrade standards. Standards are not a set of value free rules and legislations that standardise practices. They incorporate social, political and economic interests and therefore shape social and material relations (Schmidt and Werle, 1998; Bowker and Star, 2000; Busch, 2000). Rather then defining how actors behave, standards coordinate social and material practices within a system of agriculture, and, in turn, practice also affects what standards do (Van der Kamp, 2010). Standards are reproduced in everyday activities and by individual actors: some actors set standards, others adopt them or verify the adoption, and this affects how actors in a supply chain relate to Fairtrade products.

The seemingly genuflexion of FLO to mainstream practices does not necessarily mean that Fairtrade standards are susceptible to commercial rule, like in organic agriculture where standards are increasingly interpreted as a sept of input restrictions (e.g. Mutersbaugh, 2002). Though, market-driven influence caused by Fairtrade mainstreaming, might persuade stakeholders to reproduce standards according to market and industrial conventions. This could lead to a degradation of the Fairtrade brand and adherent standards (Renard, 2005).

Also, commercial firms are accused of changing the nature of standards by influencing the FLO standard making process (Renard, 2005). Consultation rounds on Fairtrade pricing in, for example, tea and coffee show fierce debates between buyer and producer representatives. This suspicion is fuelled by the adoption of international norms for conformity assessment by FLO which seems to favour conventional companies with congruent management systems.

1.3 Mainstreaming and standards: earlier research

Much research into the impact of mainstreaming on Fairtrade standards evolves around the governance of chains and the emergence of new business models in Fairtrade and their relative merits. Fewer studies relate to how standards are reproduced in every day practice, how practice influences standards, and what role individual actors play in this process. To gain a deeper insight in the possible influence mainstreaming has had on Fairtrade standards, both the governance of chains, and the reproduction of standards in everyday life should be studied. Social conventions theory makes it possible to study how standards are reproduced according to conventions rooted in actors, practices, place, and social and ecological concerns (Barham, 2002; Murdoch & Miele, 2004; Raynolds, 2002,2004, Renard, 2005).

Raynolds (2009) developed a network approach which builds on a cross-fertilization between governance chain analysis and social convention studies (Boltanski & Thevenot, 1991). The joint application aims at revealing the network of social, economic and political actors that define, uphold and reproduce relations and practices in a commodity network. Although, the combination of the two approaches has been applied in other research areas, the study of Fairtrade systems, up till now does not seem to transcend the limitations of governance chain analysis, as the focus remains on the identification of different types of buyers and forms of governance in relation to the impact on producers, instead of considering the agency of individuals an important factor in shaping relations and practices (Ponte & Gibbon, 2005; Tallontire, 2009; Riisgaard, 2009).

Research into the coffee chain indicates that market principles put pressure on Fairtrade minimum prices and overshadow Fairtrade key issues incorporated in standards like longterm partnerships, the strengthening of cooperatives and market opportunities, transparency and democratic decision making (Renard, 2005; Raynolds, 2009).

Photo 1: Banana producer

Barrientos and Smith (2007) found that supermarket Tesco avoids FLO licensing by outsourcing roasting and packaging of coffee, and organizes their Fairtrade network to maximize cost savings, volumes and traceability. Other case studies into the coffee chains (Mariscal, 2004; Raynolds, 2009; Renard & Perez-Grovas, 2007), report additional quality demands and the refusal to pre-finance the coffee contract on demand, ignoring the 60% pre-financing on request-standard. In addition, leaders of coffee cooperatives are unsure whether contracts by mainstream buyers will be renewed, undermining a key asset of Fairtrade: the establishment of long-term relationships. There is no partnership with brand corporations like Nestle or Starbucks; transactions are characterized as 'regular' or 'commercial' market transactions which undermine democratic and transparency Fairtrade principles by insisting on dealing with professionals rather then elected producers and maintain secrecy in products assessment.. Within the coffee chain, a distinction is being made between for-profit buyers aimed at buying high quality coffee which have the Fairtrade principles incorporated in their business, and brand name firms and supermarkets which seem to have little allegiance to Fairtrade's mission. The underlying principles are held accountable for these different 'interpretations' of standards, leading to variations in relations and practices throughout the commodity network: at the buyers, traders and producers level.

Coffee was the first commodity bringing Fairtrade into the mainstream, followed by the mainstreaming of other commodities and products, like cocoa, sugar and bananas. Since 2006, especially the sales of Fairtrade bananas have grown exponentially, up to more then half of total Fairtrade sales, attracting large-brand corporations like Dole and Chiquita and large supermarkets like Albert Heijn (Ahold) and Plus. The Max Havelaar initiative, which was founded in 1988, is one of the first national Fairtrade certification and labelling organisations involved in banana certification. Initially being solely a coffee standard, Max Havelaar since 1988 has grown into a standardization organisation covering a range of commodity products. In 1998, Max Havelaar joined FLO, following FLO's anwers to mainstreaming by changing the approach to formal standard setting.

1.4 Purpose of the study

Similar to the situation in the Fairtrade coffee sector, the road to mainstreaming of Fairtrade bananas has been challenging, pressurizing actors within the banana chain to meet commercial price and quality demands. Research indicates a power shift in banana chains in favour of commercial firms, leading to similar difficulties with the interpretation and implementation of Fairtrade standards as we have seen in the coffee chain.

Up to recent, most discussions about Fairtrade standards draw primarily on evaluations of the Fairtrade coffee chains. More research into other Fairtrade commodity networks is needed to find out whether coffee offers an interesting but unique case, or that other Fairtrade standards face the same challenges. Given its relative long history, recent developments, and the fact that bananas are the largest

Fairtrade product in terms of volume, the reproduction of Max Havelaar Fairtrade banana standards offers an exemplary case for studying the influence of commercial firms on social, material and economic relations and practices in the Fairtrade commodity chain, and for finding out how these practices influence what Fairtrade standards do. This study therefore tries to find an answer to the question '*how does mainstreaming influence the reproduction of Fairtrade banana standards?*'

Chapter 2 Theoretical framework: governance analysis and social conventions

This chapter describes the theoretical framework which has been applied to study the reproduction of Fairtrade banana standards under influence of mainstreaming. The applied theoretical frameworks and key concepts are elucidated and illustrated.

2.1 Fairtrade and market mechanisms

Mainstreaming concerns the prevailing or current modus operandi within a certain territory. The mainstreaming of Fairtrade, which is Fairtrade entering the mainstream economy, has been explained in literature as the *'subversion', 'dilution', 'redefinition' or 'reabsorption'* of the Fairtrade concept (Moore, 2004; Moore, Gibbon & Slack, 2006). These authors wonder whether the purity of the Fairtrade concept can be maintained with Fairtrade increasingly becoming part of mainstream production, trade and retail. An alternative perspective is that Fairtrade cannot only more fully support marginalized producers and workers by enabling their access to such channels and to the volumes associated with them, but that this is also the best way of achieving its mission (Muradian and Pelupessy, 2005). Precisely by working closely with these conventional actors in international trade, Fairtrade has the opportunity to challenge the mainstream 'dominant economic model'.

Fairtrade has, in essence, two basic components: firstly, an alternative model of international trade that makes a difference to the producers and consumers that engage in better trading conditions, and, secondly, the securing of rights, and the development of consumer consciousness in the North. The second component is to challenge orthodoxy in business practice: to be a *'tool for modifying the dominant economic model'* (Renard, 2003) and encourage it towards more social ends (Jaffee & Howard, 2009).

To provide insights in Fairtrade mainstreaming, macromarketing studies focuses at sustainable consumption and inequity in international trade, together with the need to change the rules and practices of conventional international trade. Recently, the macromarketing model has been expanded by linking development and environmental economics to macromarketing literature. The explanation this perspective offers for the mainstreaming of Fairtrade, can be found in a change of the dominant social paradigm, resulting in a different view on Quality of Life

(QOL) (Kilbourne et al, 1997) by 'counter consumers' with ecologic concerns. Market arrangements alone cannot reform the dominant economic paradigm and whipe out inequalities, though. There is a need for other institutions and public policies to provide *'conditions in which the opportunities offered by markets could be reasonably shared'* (Stiglitz, 2002). The Fairtrade system offers such conditions through the development of a label, consumer approach and standards which encourage 'fair' social and economic practices.

2.2 Role and nature of standards

Standards like Fairtrade fill the gap between rules and legislations and other market features which also determine the organization of markets, but are not yet specified. These 'voluntary' standards often advocate human and environmental friendly practices and challenge the dominant economic, social, institutional and cultural relations. They function as an additional market coordination mechanism, producing, processing and marketing sustainable practices and products. Often these standards are introduced by organisations which aim to alter conventional practices into more sustainable alternatives.

A specialism in social science literature aims at describing how these standards function within an economic system (Liebowitz & Margolis, 1995; Meyer, 1996; Brunsson & Jacobsson, 2000). These authors mainly concentrate on the process of regulation through the creation of standards by identifying 'self-appointed' experts who create rules for others to follow. Other publications within the scope of the social sciences, describe the workings of standards as social objects which not only regulate technical processes and practices, but also shape social and material relations based on social, political and economic interests of actors (Schmidt & Werle, 1998; Bowker & Star, 2000; Busch, 2000, Van der Kamp, 2010). Individual actors within a commodity chain influence what effect standards have, based on social conventions rooted in actors and practices, place and social and ecological concerns (Barham, 2002; Murdoch & Miele, 2004; Raynolds, 2002,2004, Renard, 2005). They 'reproduce' standards through everyday activities while these reproductions in turn determine the effect of standards (Van der Kamp, 2010).

2.3 Governance and standards

Certification systems like Fairtrade govern relations within commodity chains, creating new institutional arrangements within agro-food systems (Murdoch, Marsen & Banks (2000). These arrangements involve the development of new forms of governance and business models which result in power shifts within the

chain. These power shifts influence the relations and practices which eventually determine how standards are implemented and adapted.
Governance in commodity chains should be seen as the process of organizing activities with the purpose of achieving a division of labour along the chain, resulting in the allocations of resources and distribution of gains (Ponte & Gibbon, 2005). The governance of Fairtrade chains exists in defining terms of membership and accordingly allocating actors with certain activities. Rules and conditions of participation can be translated into different business models which are vehicles for implementing different forms of coordination. At least four business models can be distinguished in Fairtrade: Alternative Trading Organization (ATO) branded; ATO branded with producer equity in the company; supermarket own label product sourced from Fairtrade registered producers; and supermarket own label with a own license for some products.
Within the overall mode of governance, several forms of coordination can co-exist which are called 'immediate' forms of coordination. These forms of coordination emerge from social conventions rooted in network actors and practices, place and social and ecological concerns (Barham, 2002; Murdoch & Miele, 2004; Raynolds, 2002,2004; Renard, 2005).

Five basic types of value chain governance by Gereffi et al. (2005)

1 Markets – Market linkages do not have to be completely transitory, as is typical of spot markets; they can persist over time, with repeat transactions. Cost of switching to new partners is low.

2 Modular value chains – Suppliers make products to a customer's specification and provide turn-key services. They take full responsibility for competencies surrounding process technology.

3 Relational value chains – Relations between buyers and sellers are complex and based on mutual dependence and asset specificity. Trust and reputation are build over time in dispersed networks.

4 Captive value chains – Small suppliers are dependent on much larger buyers. Suppliers face significant switching costs and are subject to a high degree of monitoring and control by lead firms.

5 Hierarchy – Vertical integration through managerial control is dominant.

Box 1: Five basic types of governance (Gereffi, 2005)

To unravel forms of governance and business models within agro-food chains, often commodity studies and related approaches are applied. Gereffi (1994) uses a commodity chain framework to explain the intensification and shifting nature of control by commercial firms in Fairtrade chains. Others follow this approach by studying the growing activities of brand-name firms which have resulted in a shift towards buyer-driven commodity chains in which lead firms create private food quality and safety standards (Dolan & Humphrey, 2000; Marsden, Flynn & Harrison, 2000).

Gereffi et al (2005) have studied the implications of mainstreaming, using governance concepts to explore in more detail the different forms of coordination and power relations between actors in a chain. Five forms of governance have been distinguished, of which each is more highly coordinated then the next: market, modular, relational, captive and hierarchy (See Box 1**)**. Gereffi (2005) found that supermarkets and large brand corporations often adopt Fairtrade standards using a governance model of modularity, which means using standards in a modular way by relying on actors in the chain to meet standards and not engaging in relations with developing countries. Ponte and Gibbon (2005) and Muradian and Pelupessy (2005) strike a different note, though, by emphasizing that buyer domination and a form of captive value chain governance is inherent to the system of (Fairtrade) certification and not specifically related to large commercial firms.

2.4 Social conventions and the reproduction of standards

The emphasis on analyzing forms of governance and business models in relation to power shifts in chains, leads to a focus at top down relations, leaving little room for agency of producers (Riisgaard, 2009). The governance approach studies the impact powerful actors have on producers, rather then accounting for the role producers themselves play in shaping Fairtrade relations and standards (Tallontire, 2009).

Agency theory explains the relationships between producers and distributors, and the problems that arise from conflicting goals under conditions in which interdependent actors engage in self-interested behaviour ((Jensen & Meckling, 1976; Walsh & Steward, 1990). The social convention literature offers a framework for analyzing the norms, practices and institutions which guide activities of individual actors on all levels within a commodity chain. The approach makes it possible to explore how standards are differentiated according to conventions rooted in network actors and practices, place and social and ecological concerns (Barham, 2002; Murdoch & Miele, 2004; Raynolds, 2002,2004, Renard, 2005).

Social conventions: four forms of justification that guide market systems by Boltanski & Thevenot (1991)

1 Market conventions – Price competition manages a particular market.

2 Domestic conventions – Trust and long-term relationships guide activities.

3 Industrial conventions – Norm setting by an (external) party who determines specifications, often relating to quality demands.

4 Civic conventions – The welfare of people and the impact of a product on the environment are leading.

Box 2: Four groups of social conventions (Boltanski & Thevenot, 1991)

Conventions are defined as a group of mutual expectations which may arise from institutions (intentional) or a shared set of regularities that are unintentional. They guide economic actions and legitimize them in the process of actions aimed at solving problems (Ponte & Gibbon, 2005). Biggart & Beamish (2003) define conventions as 'a set of shared templates for interpreting situations and planning courses of action...they provide a basis for judging the appropriateness of action by self and others'. Even economic actions are linked to these normative conventions, as actions are justified in relation to a common set of principles. To analyse these conventions six groups of conventions have been identified which represent particular value systems or paradigms of moral philosophy: inspirational, domestic, opinion, civic, market and industrial (Boltanski & Thevenot, 1991). Domestic conventions relate to trust and the development of long-term relationships, market conventions are based on price differentiation. Industrial conventions concern external standard making, certification and control whereas civic conventions relate to the impact of a product or process on people and the environment. The different value systems can overlap and co-exist at the same time. Four of these groups of conventions (See Box 2), namely domestic, civic, market and industrial, have been specifically mentioned in relation to the analysis of market systems (Boltanski & Chiapello, 1999, 2002).

In the analysis of the reproduction of standards the social convention theory offers a model for clarifying how conventions guide the reproduction of standards. Conventions lead to different 'interpretations' of standards, which result in variations in the reproduction of certain standards. Chain actors participate as 'active agents' in the process of formulation and application of conventions, although some actors are more powerful in this process then others, leading to limitations of choice for some (Ponte & Gibbon, 2005).
As power relations are an important factor in the proces of formulation and application of conventions, social conventions should be studied in coherence with the analysis of power relations. The joint application of both governance chain analysis, and the study of social conventions, makes it possible to explore power relations in coherence with social conventions that guide the reproduction of standards.

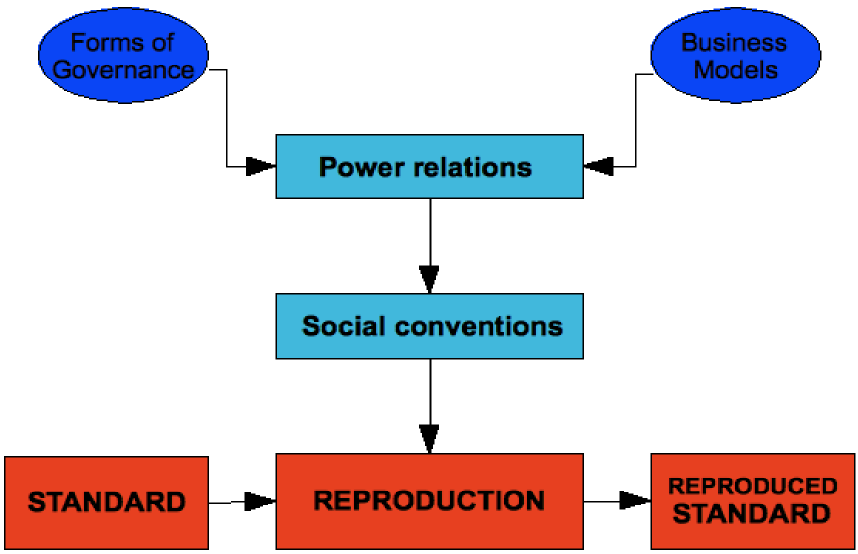

Figure 1: Reproduction of standards

Chapter 3 Research questions

As has been explained in Chapter 1, the reproduction of Max Havelaar banana standards offers an exemplary case for studying how mainstreaming influences Fairtrade standards. This thesis wants to explore this influence by applying a framework of governance chain analysis in cross-junction with he study of social conventions.
This chapter discusses the main research question and specific research questions in relation to the objective of this thesis *to find out what the influence of mainstreaming is on the reproduction of Fairtrade banana standards.*

3.1 General research question

The main research question relates to the objective of this thesis. As the objective is to find out how mainstreaming influences Fairtrade banana standards, the main research question is:

> *How does mainstreaming influence the reproduction of Fairtrade banana standards?*

3.2 Specific research questions

In effort to answer the main research question, findings will be analysed and compared between three different Fairtrade banana chains of which two are part of the mainstream economy (chain 1 and 2), and one has its roots in the NGO sector (chain 3). Outcomes will be compared between chains 1 and 2 on the one hand, and chain 3 on the other hand, in effort to specify the influence of mainstreaming on the reproduction of standards.
The specific research questions are designed to address questions related to aspects of the defined concepts, and are compatible with the arrangement of the research strategy, which will be discussed in more detail in Chapter 4.

3.2.1 Actors and activities in the three Fairtrade banana chains

To get insight in the composition of the three chains, specific questions about actors, their activities and collaborations have been asked.

Specific research questions:

1. *What actors are active in the three Fairtrade banana chains?*

2. *What are their activities in Fairtrade banana trade?*

3. *How do the actors cooperate?*

3.2.2 Governance and business models

The forms of governance and business models which are active in the banana chains largely influence the power relations between actors in these chains. These power relations eventually have a hold on the reproduction of banana standards. Specific research questions:

1. *What forms of governance are used in Fairtrade banana chains 1, 2 and 3?*

2. *What business models are used in chains 1, 2 and 3?*

3. *What implications does this have for power relations between actors in the Fairtrade banana chains?*

4. *What are differences concerning governance, business models and power relations between chains 1 and 2 on the one hand, and chain 3 on the other hand?*

5. *What does this say about the influence of mainstreaming on power relations?*

3.2.3 Reproduction of standards

As earlier research has shown (see also Chapter 1.3), the standards that are subject to reproduction under influence of mainstreaming include at least standards for *long-term relationships, contracts, pre-financing, traceability, the standard for the Fairtrade minimum price and premium,* and *standards for democracy, transparency and participation, and labour conditions*. Also, the appearance of *additional demands* has been explored.

The reproduction of standards has been studied by comparing reproduction from paper to practice and social conventions that guide this reproduction, between chains 1 and 2 on the one hand, and chain 3 on the other hand. The specific research questions in paragraphs 3.2.3.1-3.2.3.3 guide this study. The specific research questions in paragraph 3.2.3.4 are vehicles to unravel and compare additional demands in the three chains.

3.2.3.1 Reproduction of generic standards

Generic Fairtrade standards apply to all Fairtrade producers and traders.
Specific research questions:

1. *How are the generic standards of long-term relationships, contracts, traceability, and pre-financing reproduced in chains 1, 2 and 3?*

2. *What social conventions can be discerned concerning this reproduction in chain 1, 2 and 3?*

3. *Are there any side effects? What are these side effects?*

4. *What are differences between reproduction in chains 1 and 2 compared to chain 3?*

5. *What do these differences say about the influence of mainstreaming on the reproduction of standards?*

3.2.3.2 Reproduction of price and premium standard

Buyers should pay at least a Fairtrade minimum Price and Premium for all Fairtrade bananas which is set by FLO. Fairtrade Minimum Prices and Fairtrade Premiums are set at either country specific, regional or at a global level.
Specific research questions:

1. *How is the Fairtrade standard for minimum price and premium reproduced in chains 1, 2 and 3?*

2. *What social conventions can be discerned concerning this reproduction in chains 1, 2 and 3?*

3. *Are there any side effects? What are these side effects?*

4. *What are differences between reproduction in chains 1 and 2 compared to chain 3?*

5. *What do these differences say about the influence of mainstreaming on the reproduction of standards?*

3.2.3.3 Reproduction of standards for small-scale producers

These standards govern the conditions of production for Fairtrade products. They must be met by all Fairtrade producers.
Specific research questions:

1. *How are the producers standards of democracy, participation and transparency, and labour conditions reproduced by small producers in chains 1, 2 and 3?*
2. *What social conventions can be discerned concerning this reproduction in chains 1, 2 and 3?*
3. *Are there any side effects? What are these side effects?*
4. *What are differences between reproduction in chains 1 and 2 compared to chain 3?*
5. *What do these differences say about the influence of mainstreaming on the reproduction of standards?*

3.2.3.4 Additional demands

Mainstreaming parties are said to impose additional demands on suppliers in Fairtrade banana chains for similar prices. These research questions address this subject.
Specific research questions:

1. *Do some parties in chains 1, 2 or 3 lay additional demands on other partners in the chain?*
2. *What are these additional demands?*
3. *What social conventions can be discerned concerning this reproduction?*
4. *What are differences between chains 1 and 2 compared to chain 3?*
5. *What do these differences say about the influence of mainstreaming on the reproduction of standards?*

3.2.4 Social conventions, reproduction and mainstreaming

The specific research questions in this paragraph mean to collate findings from paragraphs 3.2.2 and 3.2.3. These questions merge outcomes regarding power relations and social conventions in relation to the influence of mainstreaming on the reproduction of Fairtrade banana standards.
Specific research questions:

1. *How are power relations in the three chains related to the reproduction of standards?*

2. *Which social conventions guide this reproduction?*

3. *What are the differences between findings in chains 1 and 2, compared to chain 3?*

4. *What do these findings say about the reproduction of standards in relation to the influence of mainstreaming in the Fairtrade banana standards?*

Chapter 4 Research strategy

As has been discussed in Chapter 1, the analysis of the reproduction of standards within Fairtrade banana chains under influence of mainstreaming, involves the study of forms of governance, business models and power relations, in combination with the study of the reproduction of standards and social conventions which guide this reproduction. As the reproduction of standards by actors within the banana commodity chains has attracted minor interest in literature so far, this thesis has specifically aimed at studying the influence of mainstreaming on the reproduction of Fairtrade banana standards.

The insight in how standards have been reproduced and how conventions were active in shaping standards, is gained by conducting a typical case study into three different Fairtrade banana chains. The case study has compared the influence of mainstreaming on the reproduction of Fairtrade banana standards in three different Fairtrade banana chains, of which two are part of the conventional economy, and one has its roots in the NGO sector. The reproduction of Fairtrade standards in daily practice has been compared to standards on paper, in addition, power relations and social conventions which guide these reproductions have been identified.

4.1 Research method

The research method which has been applied in accomplishing the case study, consists of six parts that have been executed simultaneously. The first five parts refer to the specific research questions in paragraphs 3.2.1, 3.2.2, and 3.3.3. Finally, findings have been merged in part 6 according to the outlined conceptual framework and specific research questions in paragraph 3.2.4 to answer the main research question.

4.1.1 Overview of three banana chains

For research purposes, the three main Fairtrade banana chains in the Netherlands have been identified based on internet sources. The three selected chains comprise the principal players in the Dutch Fairtrade banana sales and trade and form the most important source of information regarding Fairtrade banana trade on the Dutch market. Within two of the selected chains, the Fairtrade banana chains have been integrated into mainstreaming economic activities. The third chain has its roots in the NGO sector and comprises both conventional firms and 100%

Fairtrade organizations.

The first part of the case study consists of making an overview of the three chains by identifying actors and their activities within these chains, based on secondary sources and semi-structured interviews. This part corresponds with the specific research questions in paragraph 3.2.1.

> **Part 1** Study of composition of chains 1,2 and 3 and identification of actors and activities. Sources: interviews and secondary sources.

4.1.2 Governance, business models and power relations

Parts 2 and 3 have been designed to identify different forms of governance and business models within Fairtrade banana chains, which have implications for the power relations between actors within these chains.
As hardly any written sources regarding this subject are available, the forms of governance, business models and power relations have been identified by interviewing key actors within the three banana chains. The specific research questions in paragraph 3.2.2 lay at the basis of these parts of the research.

> **Part 2** Identification of forms of governance and different business models which are active in chains 1,2 and 3 based on the model of Gereffi (2005). Sources: semi-structured interviews.

> **Part 3** Analysis of power relations in relation to the identified models within the chains 1, 2 and 3. Sources: semi-structured interviews.

4.1.3 Reproduction and social conventions

The case study focuses on the reproduction of specifically those standards which are, according to earlier research into the coffee sector (See Chapter 1), expected to be under influence of mainstreaming, these are:

- Generic standards, which are valid for all Fairtrade traders and producers: s*tandard for long-term relationship, standard for contracts, traceability standard, and the standard for pre-financing;*
- The *price and premium standard*;
- Standards for small scale producers: s*tandard for democracy, participation and transparency,* and the *standard for labour conditions.*

In addition, the possible emergence of *additional demands* imposed by supermarkets and fruit companies on suppliers have been studied.

The challenges that have been deducted from literature (see Chapter 1), have been tested against the reproduction of standards from paper to practice, within chains 1 and 2 (conventional) compared to chain 3 (NGO-based), based on interviews, the study of secondary sources, and own research in supermarkets for purposes of testing statements of respondents.
As standards are reproduced according to conventions rooted in network actors and practices, place and social and ecological concerns, the role social conventions play in this reproduction has been studied by interviewing key actors within the three chains. Both mutual agreements and unintended conventions have been identified by means of interviewing respondents. These parts correspond with the specific research questions in paragraph 3.2.3.

> **Part 4** Study of reproduction of standards from paper to practice in chains 1, 2 and 3. Sources: interviews, secondary sources, supermarket research.
>
> **Part 5** Identification of relevant social conventions according to the classification of Boltanski & Thevenot (1991) which guide this reproduction by the different actors in the three chains. Sources: interviews.

4.1.4 Assembly of findings

To be able to draw conclusions regarding the main research question, findings from parts 2-5 have been merged and compared between the two conventional chains versus the NGO-based chain, based on the conceptual framework. The specific research questions in paragraph 3.2.4 relate to this part of the research.

> **Part 6** Assembly of findings under parts 2-5, and comparison of findings between chains 1 and 2 on the one hand, and chain 3 on the other hand. Sources: interviews, secondary sources, internet, supermarket research.

4.2 Data gathering

The primary data for the case study were gathered by interviewing fourteen key stakeholders which are active in the three Fairtrade banana chains, varying from supermarkets, fruit companies and farmers coopertives to certification organizations Max Havelaar and FLO (See Table 1). In chains 1 and 2 all activities concentrate around a few key actors which have all been selected to be interviewed. In chain 3, besides a dominant supermarket and fruit company, a variety of cooperatives are active. From this variety, two cooperatives have been included in the study; one of the largest suppliers in this chain, and one of the newest suppliers. External service organisations are left out of consideration as they function as mere subcontracters of the key stakeholders.

Findings have been largely drawn from semi-structured interviews with key actors, using member validation and multiple contact moments to check earlier statements by other respondents. The design of the semi-structured interviews includes a list of topics and interconnected questions (See Appendix 2) by which the interviewer has guided the respondent through the interviews, leaving room for additional information and asking supplementary questions when relevant. The topics and interview questions have been derived from the research questions and include, among others, items regarding actors, activities and relations within the Fairtrade banana business, the use of standards in practice, and the appearance of additional demands. The specific interview method has been used in order to ask and learn about the opinions and situations in daily life which respondents encounter.

		Fairtrade banana chains		
		Chain 1	**Chain 2**	**Chain 3**
Actors	**Supermarkets**	**Albert Heijn (own brand)**	**Plus (own brand)**	**Coop, (Eko oke brand)**
	Services	**Ripening/ transport**	**Ripening/ transport**	**Ripening/ transport**
	Fruit companies	**Dole Port International**	**Fyffes**	**Agrofair (NGO-based)**
	Producers	**Dole/COPDEBAN 1,900 small farmers**	**Uniban 1,900 smal farmers**	**El Guabo, La Samaria and several other cooperatives**
	Certification organisations	**FLO**	**FLO**	**FLO**
		Max Havelaar	**Max Havelaar**	**Max Havelaar**

Table 1: Overview stakeholders three selected banana chains

Representatives have been selected using publicly available information on websites in combination with snow-ball sampling. All respondents have been asked to mention other important stakeholders in order to secure that all relevant actors were addressed.

Interviews were mainly conducted in face to face situations at the offices of respondents. These interviews were followed by additional contacts via e-mail for purposes of member validation. In cases when extensive travelling or language problems were involved, as an alternative telephonic or written interviews were conducted in both English and Spanish, the last with the help of a professional translator.
To verify findings from the interviews, also secondary sources from internet have been used for checking statements regarding standard compliance. These sources include sustainability reports, corporate codes for labour conditions and corporate rules of engagement. Also, supermarket research has been conducted to test information about business models and prices against the present situation (2010).

4.3 Analysis of interviews

The interviews with key actors within the three chains have been transcripted according to the list of topics (See Appendix 2). Based on these transcripts, findings have been encoded and matched with the specific research questions outlined in Chapter 3. The findings have been checked against results from secondary sources, internet and supermarket research. In the event of incompatible results, additional sources have been consulted in order to finally draw unchallenged conclusions.

The questions concerning the composition and governance of chains have produced insight into existing power relations within the conventional chains and the NGO-based chain. In effort to draw conclusions about the influence of mainstreaming on power relations within the three chains, findings from chains 1 and 2 have been compared with outcomes in chain 3.
In addition, the reproduction of standards from paper to practice has been compared between the three chains to be able to draw conclusions about differences between the three chains in relation to the influence of mainstreaming. These outcomes have been merged with the identified social conventions that have proven to be leading in the reproduction of standards.

Finally, findings regarding forms of governance, business models and power relations have been merged with data about reproduction and the identified social conventions. These findings have been compared between chains 1 and 2 versus chain 3 in order to draw end conclusions about *how mainstreaming has influenced the reproduction of Fairtrade banana standards.*

Chapter 5 Development and use of Fairtrade system & standards

This chapter describes the emergence and development of the Fairtrade system and Fairtrade standards and explores specifics of the Fairtrade banana sector.

5.1 Definition of Fairtrade

Originally, Fairtrade was started in the 1950's by Alternative Trade Organisations (ATO's) who wanted to create alternative trading channels between producers in developing countries and consumers in the North. The first ATO's and Labelling Initiatives were founded by NGO's who wanted to challenge unequal power structures in international trade. According to the widely used Fine definition:

'Fair Trade is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers, especially in the South. Fair trade organisations (backed by consumers) are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade' (FINE, 2009**)**.

5.2 Development of Fairtrade

In the late 1980's the growth limits of the original form of alternative trade became visible and *'new fair trade'* initiatives were developed (Tallontire, 2000; Low and Davenport, 2005). In 1988, Max Havelaar was one of these first new initiatives introducing a new approach including a standard, auditing system and consumer label. Around 1998, the worldwide labelling approach of FLO became dominant. FLO was created as a vehicle for promoting joint working and sharing standards amongst the growing number of national initiatives following Max Havelaar (Tallentire, 2009). The FLO organization transformed alternative principles of ATO's into formal standards and bureaucratic controlling mechanisms, actively enabling the move from alternative retail to mainstream supermarket sales (Renard, 2009; Wills, 2006).

Figures show the apparent succes of this move. In the last five years. the sales of Fairtrade certified products have been growing rapidly, on an average of almost 40% per year. In 2008, Fairtrade certified sales amounted to approximately €2.9 billion worldwide, a 22% year-to-year increase (FLO, 2009). Global sales have more than tripled and hundreds more producer organizations have become certified. Although growth has flattened recently, the sales of Fairtrade bananas since the removal of import quota for imports into Europe in 2006, have been doubling yearly.

Photo 2: Banana plantation

Large commercial firms and supermarkets have increasingly shown interest in FLO Fairtrade labelling, following a strategy of consumer campaigning, brand proliferation, and introducing new products and own productlines with Fairtrade ingredients. To counter influence of mainstreaming parties on Fairtrade systems and maintain a transparent, documented and financially viable and accountable certification system, FLO implemented several institutional changes in 2003. A seperate certification company was established, FLO-Cert, while FLO-eV was expected to attend to the development and review of standards and producer support.

Critics challenge the prosperity of FLO, saying that its founding was a compromise from the start as commercial parties saw Fairtrade as a way of using business to implement ideological principles rather then sharing intentions (Renard, 1999). Both ATO and FLO networks formally promote social equity and environmental sustainability and encourage consumers to value products which are produced by disadvantaged producers. But because of the huge popularity, the once alternative trade networks have become part of conventional commodity chains with conventional business models, norms, practices and institutions (Raynolds 2009, Renard 2005).

5.3 Fairtrade standard setting

Fairtrade standard setting is said to be *'a constant balancing act'* to satisfy interests of buyers, consumers and producers (FLO, 2009). FLO Fairtrade standards contain a set of minimum requirements both small producers and traders should meet. Producers organizations should have a minimum of 50% small producer-members and must be an instrument for social and economic development, advancing democratic structures, equal participation of members, non-discrimination and positive discrimination of minority groups. Also environmental protection, non-usage of genetic modified crops, and a minimum use of chemicals should be a part of farm management, and working towards organic practice of farming is encouraged.

Generic standards prescribe that companies trading Fairtrade products must partially pay in advance, when producers ask for it, and sign contracts that allow for long-term planning and sustainable production practices (FLO, 2009). Other benefits of the Fairtrade system concerns the establishment of long-term relationships, and a minimum Fairtrade price and Fairtrade premium; the price buyers must pay to cover the costs of sustainable production.

5.4 Specifics of banana chains and standards

Under influence of mainstreaming, Fairtrade systems are said to reproduce the same structural inequalities they aim to oppose. As mentioned in Chapter 1, variations in the reproduction of standards, under pressure of mainstreaming, specifically concern the issues of *long-term relationships, contracts, traceability, pre-financing, labour conditions, and democracy, participation and transparency*. The *Fairtrade Minimum price and Fairtrade premium,* are said to leave little room for interpretation according to mainstreaming norms, although it is mentioned that supermarket or large brand corporations pressure could lead to pressure on prices and a set of *additional demands.*

Fairtrade banana standards are exposed to similar challenges as Fairtrade coffee standards, although the banana chains know its unique specifications. Bananas are one of the most important foods for both consumption and trade. Almost 100 million metric tonnes of bananas are consumed every year, of which about 15 million are exported. They are the fourth most important food staple in the world and the fifth most-traded agricultural commodity (after cereals, sugar, coffee and cocoa) (FAO, 2010). In terms of Fairtrade products, Fairtrade bananas have the highest volume, accounting for more then half of total volume, followed by coffee as the other significant volume product (FLO, 2010).

In the banana industry, production, profits, and market access are highly concentrated. While in the coffee sector many larger and smaller firms are active, in banana trade just five corporations control around 80% of the sales on the import market worldwide. While large plantations can efficiently produce cheap, export-ready bananas for Northern markets, it is hard for small banana farmers and workers on banana plantations to access markets and earn a living. Especially for these small banana farmers, Fairtrade offers a valuable trade alternative (Shreck, 2005).

Chapter 6 Governance and power relations within three banana chains

Certification systems like Fairtrade govern relations within commodity chains and create new forms of governance and business models which result in power shifts within the chain (Murdoch, Marsen & Banks, 2000). This chapter discusses the analysis of these forms of governance and business models in relation to power relations within the two chains where Fairtrade has become part of the mainstream economy, in comparison with the NGO based chain. It answers specific research questions from paragraphs 3.2.1 and 3.2.2, and summarizes findings in paragraph 6.5 in effort to answer the relevant specific research questions from paragraph 3.2.4.

6.1 Forms of governance and business models

Two basic types of value chain governance have been chosen in this case study to explain how the chains are governed, these include: **1** relational value chains which are known for complex interactions between buyers and sellers; **2** captive value chains in which small suppliers are dependent on much larger buyers (Gereffi, 2005). A form of modular value chain governance, as has been found by Gereffi (2005), does not apply for the Fairtrade banana chains, as relations with counries of production exist, and the allocation of activities is not fully delegated to suppliers.

In addition, the case study has focused on two business models in Fairtrade banana chains: supermarkets selling under own label, and supermarkets selling ATO branded products. In addition, power relations have been explored which emerge from these forms of governance and business models.

6.2 Analysis chain 1

– Albert Heijn – Dole/Port International – Cooperatives/own plantations Peru-

6.2.1 Actors and activities

Albert Heijn, with 850 shops the largest retailer in the Netherlands, buys its Fairtrade/bio bananas 50/50 from importers Dole and Port International,. The headquarters of Albert Heijn, which are stationed in Zaandam, take care of all purchases for the European market which amount to a total of 45.000 kg of Cavendish bananas per week of which 7.000 kg are sold at the stores in the Netherlands, the Fairtrade volume being 4-5% of total. Ripening of bananas is bought in as external services from Bakker in Barendrecht, The Netherlands.

Banana imports worldwide
Total 165 million dollars
Equador 30%
Colombia 30%
Costa Rica 14%
Dom. Republic, Cameroon, C.d'Ivoire
Brazil, Ghana, Panama 26%
(SOMO, 2011)

Albert Heijn sells the Fairtrade/bio bananas under the private Puur&Eerlijk label for specific reasons:

'We sell bananas under our private label because this creates clearness for consumers and we can determine the price ourselves' (Interview D).

The consumers strategy of Albert Heijn includes the choice between conventional and Fairtrade bananas in stores, therefore conventional and Fairtrade/bio bananas lay side by side in the shelf for respectively 1,79 euro and 2,29 euro per kilo (Supermarket research, January 2011).
In 2010, Albert Heijn partly switched suppliers because they were not satisfied with the quality and availability of fruit company Dole. The selection of the new supplier was based on price proposals presented by Dole, Port International, and Agrofair, in combination with a visit of Albert Heijn to Peru. Since Agrofair was regarded to be too expensive (Interview D, F) and the services of Dole were contested, half of the original contract with Dole went to Port International, resulting in a 50/50 supply by the two fruit companies in 2010.
Port International is a German fruit company which is active since 1912. As from 1985, the fifth generation of the Port family is active in the fruit business, focusing increasingly on organic and Fairtrade fruit. Under the label Fairnando and Fairnando bio Port imports Fairtrade bananas from Peru, Colombia and Equador. Albert Heijn claims to have confidence in the steady supply Port International can deliver, partly through its own plantations in Peru (Interview D). This relation is all the more interesting for Albert Heijn as the retailer advocates direct relations with producers to make sure their product demands are met, and which Port International can provide through it's own production plantations.

Before this shift between importers, Dole had been Albert Heijn's principal supplier for 7,5 years. Dole is one of the oldest (since 1851) and largest fruit companies in the world. Under the label of Dole CSR the fruit company introduced several environmental and employee programs, including bio and Fairtrade programs which have rules for employment and production similar to

Fairtrade and bio standards. Originally the Fairtrade bananas where shipped from the Dominican Republic and Peru, while Peru was a more stable but also more expensive country of production due to higher transport costs, the cheaper Dominican Republic suffered from low quality and availability mainly due to bad weather conditions. Because of price differences in the past, Albert Heijn wanted to have 2/3 of the Fairtrade bananas from the Domincan Republic and 1/3 from Peru and only recently switched to 100% supplies from Peru, Dole says.

Dole's organic organisation in Peru, since 2001, is called COPDEBAN (Corporación Peruana de Desarrollo Bananero S.A.C.) Within the Dole organic program, COPDEBAN buys Organic and Organic/Fairtrade bananas from small farmers cooperatives in Northern Peru. Since the removal of the European banana import quota in 2006, many cooperatives have become more independent and have started to look around in the market for a better price. The removal of the import quota, made an end to the favourable position of fruit companies which where in posession of importing rights. Consequently, COPDEBAN/Dole lost several of their supplying farmers cooperatives and is currently (2010) looking for new suppliers in the region.

'During the last few years, cooperatives in Peru have gained ground in relation to the big fruit companies. From totally dependent, the fruit companies even picked the bananas from the trees, the cooperations have grown into professional exporting organisations. Dole suffered from this as most cooperations which where originally exporting through Dole entered into new exportcontracts. Now, Dole has to offer very beneficial conditions in order to get Fairtrade bananas, resulting in a more equal position between the parties' (Interview J).

Photo 3: Banana production at Dole

Because of these recent developments, Dole wants to certify several own Fairtrade plantations, which they say is almost impossible because of FLO's restricted admittance of new plantations.

COPDEBAN is, among others, working with cooperative BOS (Asociación de Bananeros Orgánicos Solidarios) which was founded in 2003 to promote the development of small farmers of organic bananas in the Region of Piura, Peru. The cooperative has grown from 80 members in 2006 to a strong organisation of 540 small organic farmers on 500 ha in 2011.

6.2.2 Governance, business models & power relations chain 1

The case study has shown how Albert Heijn, as the buying party, determines where bananas are sold and for what price. The identified form of governance, in which smaller suppliers are dependent on much larger buyers and experience a high degree of control by lead firms, is called captive value chain governance (Gereffi, 2005).
The powerful position of the supermarket is somewhat decreased by the Fairtrade minimum price; the elbow-room for fierce negotiations is limited as markets operate under the restrain of this minimum prices farmers should receive (Interviews D, E, F). In 2010, the dominant position of the supermarket has been confirmed by Albert Heijn's business trip to Peru and its consequent choice to do business with a new importer, Port International (Interview D).

Cooperatives within this chain mostly indirectly deal with the demands of the supermarket. For reasons of increasing control regarding the quality and availability of supplies, Albert Heijn prefers to be more directly in touch with their suppliers, though:

'To make sure our demands for quality and food safety are met, we prefer direct contacts with our suppliers. Port International has its own production plants so its worth it to invest in this relationship.'

6.2.2.1 Private labels and power relations

The captive form of governance is further reinforced through the use of private labels. Recent research has shown how selling Fairtrade bananas under private label, as Albert Heijn does, results in a more powerful position of buyers in the chain at the expense of suppliers (SOMO, 2011). Although research proves otherwise, Albert Heijn disagrees with these findings and explains how not private, but precisely A-labels, have the most powerful position:

'Not private labels, but the strategy of A-labels which become Fairtrade certified lead to higher pressure towards partners in the chain. A-labels want us to keep the prices in stores unchanged, but the purchasing costs increase. Eventually, this results in pressure on margins in the chain as the higher expenses Fairtrade production brings along are taken away elsewhere' (Interview D).

Also fruit company Dole would rather sell bananas under own label to have a hold on price and margins, but the wishes of buying partner Albert Heijn are leading.

6.2.2.2 Stronger position of cooperatives

In the past, supplying cooperatives in chain 1 were dependent on both buyer Albert Heijn, and fruit company Dole, the last being in charge of selecting supplying cooperatives. During the last five years, the model of captive value chain governance has developed towards a more relational governance model characterized by complex interactions because supplying cooperatives have grown into more equal partners in negotiations with Dole (Interviews E, J). For example, in Peru cooperatives have gained ground upon the large fruit companies they where earlier subordinate to. Now, Dole wishes to regain a strong, leading and controlling position in Fairtrade banana trade by getting several own production plants 'Fairtrade certified'. FLO explains:

'From totally dependent cooperatives, cooperatives in Peru and Colombia have grown into independent exporting organisations. Dole's business suffered largely, because most groups that where originally exporting through Dole, entered into new contracts. Now Dole has to propose very profitable conditions in order to buy Fairtrade bananas. This leads to a more equal negotiation position between partners in the chain' (Interview J).

6.3 Analysis chain 2

– *Superunie/Plus – Fyffes – Uniban –*

6.3.1 Actors and activities

Market Shares of Dutch Supermarkets
In 2009, Albert Heijn, C1000, Super de Boer Plus and Lidl were the supermarkets with the largest market share in terms of value of sales in the Netherlands. Together they controlled 70% of all Dutch supermarket sales
Albert Heijn was the biggest retailer with 32,8% of total. C1000 captured 11,7%, Aldi 8,3%, Plus 6%, and Lidl 5% (SOMO, 2011).

The Rotterdam office of UK based importer and distributor of tropical fruit, Fyffes, supplies Fairtrade bananas to Plus Retail bv, a franchise chain of 270 supermarkets in the Netherlands. Fyffes supplies 50.000 boxes of Fairtrade bananas a week of which 42.000 boxes go to Chainsbury in the UK and 7.000 boxes to Plus. The total volume of annual distribution of bananas by Fyffes in Europe is 35 million boxes. Fyffes owns five ripening centres in the UK and Ireland, but in the Netherlands an external partner takes care of the ripening. Supermarket buying association Superunie, yearly takes care of the purchase of Fairtrade bananas for Plus. Superunie unites 14 independent retail organisations and has a market share of 30% in the Netherlands. It is the second largest buying organisation in the Netherlands, after Albert Heijn.

For the first in history, Fyffes was able to strike a two year contract with Superunie in 2010 (Interviews C, G, I). By obtaining this contract, Fyffes became the largest importer of Fairtrade bananas into Europe at the expense of competitor Dole who had been supplying Fairtrade bananas for Plus in 2009. Dole shows no grieve about the loss of the contract with Plus, as the fruit companies says that the prices Plus offered were too low to be profitable (Interview E).

The strategic business choice of Plus is to sell 100% Fairtrade bananas under private label for the price of conventional bananas, 1,69 euro:

'Our filosofy is that price discounts do not increase the Fairtrade volume because only a marginal amount of consumers consciously buys Fairtrade products. By choosing 100% Fairtrade we aim at enlarging our volume of Fairtrade bananas by approaching the mainstream consumer, not at the ideological consumers. Large supermarkets in Switserland and the UK have made the same choice and this has worked perfectly, as it does for us' (Interview G).

Another reason for Plus to sell the bananas under own label, is that consumers do not trust a banana with an A-brand logo:

'*This suggests that too much sticks to the fingers of these brands' (Interview G).*

Plus relies on Fyffes for organizing a steady supply of high quality Fairtrade bananas against a favourable price. Although Fairtrade is part of their core business strategy, Plus simultaneously emphasizes that also their Fairtrade business should be profitable as eventually quality and price are the main driver for their business.

Fyffes has a 35 years long relationship with cooperative Uniban, who has a monopoly position as a banana producer and exporter in Colombia. Uniban ("La Unión de Bananeros de Urabá S.A.) was founded in 1966 by a prominent group of Colombians engaged in agricultural activities in the Urabá region to create own exporting possibilities independently from large banana multinationals like Chiquita. In 1970, the Turbana Corporation was created as a marketing company for Unibán products in the United States. In 1982, Unibán became an international marketing company with services that cover technical support, fertilizers, custom cardboard boxes, disease and pest control products, plastic bags and refrigerated shipping to international markets. Uniban produces and sells conventional and Fairtrade bananas and works with large producers and cooperatives of small farmers. Uniban is the largest Fairtrade banana cooperative in Colombia with a 32% market share in banana exports in the world market.

6.3.2 Governance, business models & power relations chain 2

The model of captive value chains in which lead firms excercise a high degree of monitoring and control applies for the activities of Plus in chain 2. The activities display a powerful buyer who controls price and quality demands. Buying association Superunie acts upon instructions from member-supermarket Plus in effort to buy the best products for the lowest price. As said, the 2010 and 2011 contract went to Fyffes, at the expense of Dole as Plus decided not to be satisfied with the availability and quality of Dole bananas any longer (Interview G). Fyffes, also encounters the tangible pressure of price and quality demands from Plus:

'Quality demands and price competition are similar in Fairtrade and conventional business. We want to avoid quality claims from supermarkets, but the demands are very strict and the pressure high' (Interview C).

Plus says to prefer direct relations with supplying partners in the chain. In 2010, this involvement was displayed in the selection of suppliers in Colombia. Fyffes and Uniban selected middle-large to large farmers for the supplies to Plus. Regardless of this choice, Plus actively choose to start working with a smaller cooperative in the Northern part of Colombia after a visit to the area, thus confirming their powerful position of dominant buyer. Since then, the agreement has been made to start new business relations with smaller farmers of up to 25% of total supplies:

'We have visited the Northern part of Colombia and spoken to small farmers, and suddenly, poverty and arrears of maintenance appeared. As this local cooperatives of small farmers did not have a market outlet for their Fairtrade bananas, we decided to start working with them. We feel a connection because we are a cooperative of small entrepreneurs too' (Interview G).

6.3.2.1 Private label bananas

The level of control is enlarged by the sales of Fairtrade bananas under private label. Plus only sells Fairtrade bananas, all under private label, a strategic choice which, they say, produces them many benefits like a higher turnover and a sustainable image:

'We have made choices that other companies don't; our policy is to actively choose Fairtrade bananas. It is nonsens that the consumer should have a choice. Supermarkets in the UK and Switzerland have proven this' (Interview G).

According to Plus the retailer has chosen to work with a private label because consumers do not trust an A-label in combination with a Fairtrade logo:

'This suggests to much profit sticks to the fingers of the A-label' (Interview G).

6.3.2.2 Mutual dependence Fyffes and Uniban

The collaboration between Fyffes and cooperative Uniban is characterized by mutual dependence and can be categorized under a relational form of chain governance. The steady relationship between Fyffes and Uniban lies at the basis of meeting the demands of Plus.

Fyffes is the exclusive importer of Uniban bananas for the European market, leading to a monopoly position of Uniban in Colombia concerning the production and export of Fairtrade bananas. This position of Uniban in the region, leaves farmers little alternative ways of selling Fairtrade banana: the Fyffes-Uniban chain is dominant, says FLO (Interview J). The fact that Colombian farmers do not have any other choice then becoming a member of Uniban, doesn't automatically mean that their position is unsatisfactory, a manager of a 100% Fairtrade cooperation in the region says:

'I would't say people at Uniban are unhappy. I think they are quite happy with good wages, housing and projects' (Interview K).

6.4 Analysis chain 3

– NGO-based: Coop-Agrofair – Cooperatives Equador/Colombia –

6.4.1 Actors and activities

In 2004, Coop Switzerland, as one the first supermarkets worldwide, committed to selling 100% Fairtrade bananas contracting Agrofair for the supplies. The relationship with Agrofair goes back to 1998 and was confirmed by a partnership in 2003, eventually resulting in a contract for the delivery of 20.000 tons of bananas a year to Coop. The Fairtrade bananas ar sold under the Oké brand for similar prices as conventional bananas in other stores, for 2,35 euro, and Fairtrade/bio bananas for 2,50 euro (Supermarket research, January 2011). With 1,800 stores, Coop is the second-largest supermarket chain in Switserland. The retail group has a business strategy of wanting to sell the largest assortment of Fairtrade products in the world and is market leader in this area. Coop has incorporated sustainability into its Articles of Association, Corporate Profile and

Mission Statement. Its annual Sustainability Report which is available on their website (www.coop.ch) provides transparant information on Coop's ecological and social-accountability activities, its goals and the measures it takes to achieve them.

Fruit importer Agrofair was founded in 1996 by the Dutch development organisation Solidaridad, aiming to improve the rights of banana workers in Latin America, and the way in which the banana industry was run financially, environmentally and socially. AgroFair imported the world's first Fairtrade bananas under the Oké brand into Europe in 1996. Although it was difficult to acquire banana import licences at first, as licenses were already in the hands of large conventional fruit companies, Agrofair managed to turn the Fairtrade banana trade into a flourishing business (Interview F).

Photo 4: Banana production for Agrofair

In 2008, Agrofair got into serious trouble; transport and productions costs were rising due to the worldwide financial crisis, while the minimum Fairtrade price remained stable. In addition, Agrofair's orientation on 'helping farmers' in stead of focusing on economic results, culminated in negative financial results of 2,3 million in the same year. In 2009, a new start with new investors and a smaller work force was made. Currently (2010), Agrofair is the second largest importer of Fairtrade bananas in Europe, weekly selling 80.000 boxes of Fairtrade bananas.

From the start, producers owned a 50% share in Agrofair, since the restart in 2009, this share was reduced to 35%. The share-holders are represented on the board and at annual shareholders' meetings, and receive a share of profits. Agrofair acknowledges that the organization suffered from their image of being a 'development organisation' but because of the commercialization programme this is said to be history now:

'Like commercial companies we now work with a commercial sales staff. In the past our focus was characterized by a surplus of attention for farmers, in stead of aiming at our own results. We now continue to be attentive of new developments in the market while pursuing our new strategy of reliability, quality and availability' (Interview F).

Agrofair works with a variety of small suppliers from Costa Rica, Equador, Peru, Ghana, Colombia and the Dominican Republic. Dependent on demands from supermarkets, Agrofair buys a certain amount of Fairtrade bananas for the European market. Transport is bought in when necessary, and ripening is organized by the buying supermarket (Interview F).

Almost 60% of the bananas which are sold to Coop, are sourced from cooperative El Guabo in Equador. El Guabo is a 100% Fairtrade cooperative of 350 small farmers (less then 20 ha) with a turnover of 2,2 million boxes of bananas a year (Interview H). In 1997, small farmers founded El Guabo as a 100% Fairtrade cooperative to have access to a market which was dominated by large multinationals. In 1998 a first trial delivery of Fairtrade bananas was made with the help of Agrofair (Interview H).

One of Agrofairs' newest partners, La Samaria in Colombia, is a workers cooperative of the family owned organic ingredients company Daabon group, which is situated in Santa Marta in the North of Colombia. Daabon exploits 8,000 ha. of certified organic land in three privately owned plantations. An additional 4,000 ha. belonging to small farmers are under an audited sustainable and fair trade agriculture program. A total of 1000 ha. is planted with organic, Rainforest Alliance certified bananas. For strategic reasons regarding costs and demands, Daabon normally uses the organic certification system Ecocert, and not FLO certification, but a joint venture with Agrofair made them start a Fairtrade/eco project (Interview K). The bananas produced in this project are bought by Agrofair and sold in the Swiss Coop stores (Interview F).

6.4.2 Governance, business models & power relations chain 3

Price control and quality demands, in combination with complex interactions and mutual dependence, characterize the simultaneously captive and relational character of chain 3.
Coop says to translate its sustainability approach into everyday business practices and to focus on strong, long-term partnerships and joint solutions (Sustainability Report 2010). After the relations with Agrofair had just started in 1998, Coop agreed to a trial of buying Fairtrade bananas under certain conditions. According to SNV, these conditions brought both Agrofair and supplying cooperative El Guabo in a subordinate role:

*'Coop said: 'you arrange the shipment, you pay for it and we won't pay you until we've sold the fruits. If we can't sell them, we don't pay you'. (SNV, Equ*ador, Interview H).

Since then, the relationship has developed into a more equal long-term partnership with Agrofair, although Coop also remains fierce in its yearly price negotiations,

illustrating the workings of both a form of captive value chain governance, and a more relational form of governance.
Agrofair explains:

'*We only work with Fairtrade chains, but the supermarkets price competition and quality demands are similar to conventional business. It is a buyers-market and supermarkets impose large pressure on the chain' (Interview C).*

6.4.2.1 Oké brand

Coop sells the Fairtrade bananas under Agrofair's Oké brand, not using a business model of private labels which would bring along a higher degree of control. The supermarket sells both Oké Fairtrade and Fairtrade/bio bananas, the last under the organic Naturaplan/Bana Bana brand (Supermarket research 2010).

Photo 5: Fairtrade/bio bananas in Coop (Switzerland)

6.4.2.2 Commercial switch of Agrofair

Relations between Agrofair and supplying cooperatives are based on long-term trade relations and comprise development relations as well as commercial relations. Originally, Agofair primarily aimed at helping banana farmers and making banana trade more equal. The financial problems in 2008 urged a new, more professional start as from 2009, making financial results central in their approach, rather than 'helping farmers'. Since then, cooperatives have experienced a higher degree of control and a similar approach to price, quality and availability as in conventional chains. This has resulted in a more powerful position for Coop and Agrofair, cooperative La Samaria explains:

'*Supermarkets have the power in the chain and therefore every fruit company has similar requirements, also Agrofair. They all want quality fruit for a low price. This is their main driver, there is no exception.'*

Still, some differences in power relations between the NGO-based and conventional chains can be observed:

'Because of the influences of the supermarkets, bargaining with Agrofair is commercial these days and completely different from how things were in the beginning, but as co-owners we still have a more equal say in negotiations with Agrofair then for example with Dole' (Interview D).

6.5 In summary: power relations in the three chains

Respondents throughout all three chains agree: supermarkets are the most powerful party in the Fairtrade banana business. Supermarkets are the dominant buyers who determine what is bought when and at what price. They have access to consumers and determine for what prices bananas are sold in stores (Interviews C-I, K, L,M,N). In 2009, research commissioned by the Netherlands Competition Authority (NMa) on the margins of the different actors in the food supply chain indicated that in the period 2005-2008 there was no abuse of buyer power by supermarkets. However, supermarkets had the highest margins in the food chain. (SOMO, 2011)

The case study has shown how different business and chain governance models have had its impact on power relations in the three chains. In all three chains, supermarkets have taken on the role of dominant buyers who decide what is bought, when, and for what price, based on a model of captive value chain governance. In chain 1 relations are largely influenced by the dominant position of Albert Heijn, founded on a form of captive value chain governance and a business model of selling under private label. Cooperatives have gained ground upon fruit company Dole as they have reinforced their positions. In chain 2 the powerful position of Plus has been displayed, but relations between fruit company Fyffes and Uniban have proven to be based on mutual dependence and a more equal position based on a relational form of governance. In chain 3, the mutual existence of a form of captive value chain governance and a relational form of governance, in combination with a business model of selling under the Oké brand, has led to more equal relations between supermarket Coop and fruit company Agrofair compared to chain 1. Towards cooperatives a rising degree of control is practised, which displays the leading position of Coop and Agrofair.

The powerful position supermarkets take at the expense of other actors in Fairtrade banana chains, confirm the influence of mainstreaming on power relations in all three Fairtrade banana chains. A counterforce can be found in the reinforced position of cooperatives during the past five years leading to more equal relationships. While relations between Fyffes and Unibana have become more equal over the past 35 years, relations between fruit companies and cooperatives in chain 1 have become more equal recently. Both the growth of cooperatives, and the development towards professionally operating organizations, lay at the basis of this fortified position which has functioned as a counter force against the influence of mainstreaming at the expense of the position of fruit companies.

Chapter 7 Reproduction of Fairtrade standards in Fairtrade banana chains

As the theoretical framework (Chapter 2) suggests, standards are seen as being reproduced by actors in the daily relations and practices throughout the chains. In this case study, the reproduction of specifically Fairtrade standards has been studied, which, consistent with earlier research, are said to be subject to reproduction according to industrial and market conventions. These standards are: the commitment of buyers to *long term relationships,* application of *contract* guidelines, *traceability* of products in the chain, *payment in advance*, the payment of the *Fairtrade minimum price and premium*, and the producer's standards for *democracy, participation and transparency,* and the observance of *labour conditions*. In addition, critics say that commercial parties impose *additional quality demands* on other parties in the chain for similar prices.

This chapter discusses the reproduction of three groups of standards: generic Fairtrade standards, the standard for the Fairtrade minimum price and premium, and small producer's standards, and finishes with the report of additional demands that parties in the chains face currently. In relation to this reproduction, Chapter 7 displays social conventions that guide the reproduction of Fairtrade banana standards. In this chapter the specific research questions from paragraph 3.2.3 have been answered, while paragraph 7.5 refers to specific research questions from paragraph 3.2.4

7.1 Reproduction of generic Fairtrade standards

7.1.1 Standard 1 Long-term relationships

– The Fairtrade system intents to create sustainable partnerships between producers and their buyers, which enable producers to have long-term access to markets under viable conditions. – (FLO, 2009)

Relationships within Fairtrade banana chains can be devided into 1, relations between supermarkets and fruit companies, and 2, fruit companies and cooperatives. Supermarkets Albert Heijn and Plus in chain 1 and 2 emphasize the importance of long-term relationships with fruit companies, but practices in both chains do not seem to be in agreement with this intention. Albert Heijn normally engages in short term contracts for the duration of one year, but, stresses that, if satisfactory, relationships with fruit companies are maintained for several years. Although, the supermarket emphasizes the importance of trust and long term relationships in the fruit business for reasons of lower output and costs involved in shifting to other suppliers, daily practice shows that these long term relationships run the risk of being brought to an end when Albert Heijn's demands regarding high quality, availability and low prices are not met (Interview D, E). In 2010, Albert Heijn partly ended a 7,5 year long relationship with Dole for reasons of not meeting their industrial and market conventions related to high quality and price.

As has been explained in Chapter 6, Plus ended the contract with Dole in 2010, because they were unsatisfied with the delivered quality and availability of Fairtrade bananas which, Plus explains, is based on their industrial conventions related to these issues (Interview G). Dole claims to have left the deal with Plus to fruit company Fyffes, though, as the prices involved in the contract were too low to be profitable (Interview E).
As has been clarified earlier, the new relation between Plus and Fyffes came about through buying association Superunie which selected Fyffes based on the most attractive price offer, 5 cts lower then the year before (2010), combined with assurances for high quality bananas. For the first in the history of selling Fairtrade bananas, Plus Retail engaged in an exceptional two year relationship with this fruit company, in this way expressing trust in their new partner which they expect to supply high quality bananas in large volumes.
In chain 3, the reproduction of long-term relationships is according to FLO intentions: since 1998, Coop (Switzerland) and Agrofair have had trade relations, resulting in a partnership in 2003 and Coop's choice to start selling 100% Fairtrade bananas. Up till date, Coop remains Agrofair's largest buyer, handling more then 20.000 tons of bananas per year. This business relation can be characterized as narrow and committed and is said to be related to domestic conventions in which trustworthy and long-term partnerships are considered to be important principles (Interview F).

Relations between fruit companies and their suppliers in chain 2 and 3 are stable and mostly go back more than five years. In chain 1, Dole experienced the one sided breaking away of cooperatives which had grown into more independent organizations (See Chapter 6) driven bij civic conventions for obtaining the highest results for their members and communities. During their years under contract with Albert Heijn, Dole's organic organisation COPDEBAN (Peru) bought its bananas from larger and smaller independent cooperatives in Peru and the Dominican Republic. In Peru, due to their stronger negotiation position, several cooperatives, like BOS, chose to bargain for independent export contracts, creating their own new market opportunities (Interviews E,N). Some of these cooperatives are now taking on relations with other importers like Port International, minimizing possible negative consequenses of the break between Albert Heijn and Dole for their market access. Relations between Dole and cooperatives in the Dominican Republic where ended for other reasons; the cooperatives suffered from large production problems due to bad weather conditions, eventually causing the loss of the contract with Dole based on Dole's industrial conventions aimed at high quality and stable availability, and with that their access to markets.

While Dole wishes to engage in new relations in Peru to rebuild their Fairtrade business, Fyffes and cooperative Uniban (chain 2) in Colombia already have tight relations since 35 years:

'They seem to be married. Most probably, Uniban will never supply to any other importer, even if this would bring in new Fairtrade contracts' (Interviews C,J).

This sustainable relationship will remain stable in future, as both parties profit largely from it and domestic conventions for trust, mutual dependence, and long-term partnerships are said to be leading. Through this relationship, Fyffes has a guaranteed supply of high quality bananas. In return, Fyffes purchases an agreed volume of Fairtrade bananas creating a steady market access for their supplier. Uniban, in its turn, maintains long-term relations with both large producers and cooperatives of smaller farmers, which are continued as long as they can meet Fairtrade standards and Uniban's demands which are related to industrial conventions in the areas of quality, infrastructure, labour conditions, health and the use of herbicides (Interview L).

Relations between Agrofair and supplying cooperatives in chain 3 are reproduced according to the FLO standard and mostly go back more then five years (Interviews F,H,K). These long-term relationships are said to be based on domestic and civic conventions, which relate to long-term partnerships and results for farmers, and spread out over several smaller cooperatives in many countries: Costa Rica, Peru, Ghana, Equador, Colombia and the Dominican Republic. Agrofair's largest supplier since 1998, cooperative El Guabo in Equador, values the long relationship with Agrofair for reasons of stability and long-term investment:

'It is difficult to demand a long-term commitment from fruit companies, but in practice these longer relationships have a big surplus over short term relations, for reasons of investments in production and production processes' (Interview H).

Although the cooperative values the relation with Agrofair, future developments could possibly change this. El Guabo has been developing and growing the last few years, resulting in a more professional and independent approach to the market leading to an increase in new buyers:

'It depends on the way of doing business. Currently, Agrofair's added value is obvious because many supermarkets are doing business with them, but we will closely monitor future developments in the market' (Interview H).

The relationship with workers cooperative La Samaria is based on a joint Fairtrade project, which gives this six year long relationship an interdependent character. As sustainable principles are at the heart of La Samaria, the relationship with Agrofair is highly appreciated, and so is the access to markets in Europe. Relations between Agrofair and cooperatives are tight and guided by both civic and domestic conventions, as all cooperatives are shareholders in Agrofair and yearly receive a 25% share of the profit.

7.1.2 Standard 2 Contracts

– Contracts between producers and buyers set the framework for the Fairtrade trade operations. It is important that the contractual obligations are mutually agreed, well documented, and clearly understood by the contracting parties. ...contracts must as a minimum clearly indicate the agreed volumes, quality, price, payment terms, and delivery conditions. – (FLO, 2009)

Supermarkets in all three chains use a similar framework for both Fairtrade and conventional contracts with fruit companies. These contracts are said to be based on industrial and market conventions which guide expectations regarding quality, availability and price. An active use of FLO rules and regulations in making up the contracts cannot be observed (Interview G). Also in the 100% Fairtrade chain, the market is described as a buyers market which squeezes out the Fairtrade chains, resulting in contracts with minimum prices and high demands (Interview E, F). Usually once a year, contracts are renewed based on fierce price negotiations and onesided quality and delivery demands of the powerful supermarkets, making the mutual aspect of the agreements questionable (Interviews D,E,G).

Similar to practices in conventional business, all agreements between partners in the Fairtrade business are taken up in the contracts, including agreed prices, payment terms, delivery conditions and quality demands.
The agreed volume is not included, though. All supermarkets draw generic contracts with fruit companies; not an agreed volume, but an estimated volume of bananas is included in contracts, depending on consumer demands in a certain

period (Interview D). This type of contract makes the Fairtrade banana business a hazardous undertaking, fruit company Dole says:

'We run all the risks when demands vary; when the demand for Fairtrade bananas suddenly increases we have to buy extra bananas elsewhere, and when demand is lower then expected we abruptly have a large surplus. This type of doing business should not be part of Fairtrade' (Interview E).

The framework structure of the contracts also troubles Agrofair:

'Demands are unstable; warm weather in summer implies that we hardly sell any bananas and we have to sell our Fairtrade bananas for conventional prices' (Interview F).

Depending on the contracts Dole/COPDEBAN (chain 1) or Port International (chain 1) are able to draw up with supermarkets, the fruit companies on their turn contract local cooperatives for half a year or a year (Interview E,I). Fyffes in chain 2, confirms a definite purchase volume of Fairtrade bananas in contracts with their supplier Uniban. Being a large supplier of Fairtrade bananas, Uniban values these contracts with exclusivity, although several product specifications in the contract are based on industrial and market conventions of supermarkets which are difficult to comply with (Interview L). This results in reproduction not according to the intention of this standard, which namely emphasizes the importance of mutual agreements between buyers and suppliers.
As a 100% Fairtrade fruit company, Agrofair in chain 3 has made the standards central in their year contracts with cooperatives. Although the specifics of the FLO contracts are considered to be too meticulous, the fruit company values this way of drawing up contracts:

'The difference between us and other fruit companies is that Fairtrade is our core business, and this brings along a totally different approach to the way of doing business' (Interview F).

El Guabo emphasizes how the cooperative has a more equal say in drafting contracts with Agrofair, then with commercial fruit companies, confirming the mutual character of the contracts with Agrofair. These contracts are said to be based on domestic conventions relating to long-term partnerships. On the other hand, the cooperative also complains about the unstability of demands which causes a fluctuation in income. At the start in 1998, Agrofair included a guaranteed purchase volume in the contracts, but eventually this strategy appeared to be to costly, making this part of the standard impossible to reproduce according to its intention (Interview H).

7.1.3 Standard 3 Traceability

– The objective is to trace the product back to the producer by check of documentation, as well as ensuring that the product is also physically seperate and identifiable from non-Fairtrade products.- (FLO, 2009)

Reproduction of the traceability standard is conform FLO prescription in all three chains. Productcodes on every box of bananas in all three chains trace the fruit back to the land, area and farms of origin. These codes include date and place of package and a producers code.

Photo 6: Box of Oke bananas

While the intention of this standard is to check the origin and originality of Fairtrade products, supermarkets and fruit companies in the three chains use the possibility to trace the product back to production farms for other reasons. Supermarkets and fruit companies use the traceability codes to make claims in the event of a quality dispute. When bananas cannot live up with the quality demands of supermarkets, which are included in their industrial conventions, fruit companies are assigned to discover the origin of production with the help of the traceability codes. Subsequently, cooperatives are faced with claims (Interviews C,D,E,G). These claims sometimes lead to fierce negotiations about discounts for reasons of low quality, which can increase up to hundred thousands of dollars (Interview H). Fyffes, active in chain 2, confirms that this manner of making claims is similar to the tracking mechanisms in conventional chains, and says the demands of supermarkets are explicitly involved. Cooperatives mean that the use of tracking codes for quality claims is improper. El Guabo (chain 3):

'The codes are used to address farmers who cannot meet quality demands, but often the reasons for claims are unclear and therefore it is impossible to hold farmers accountable. Especially, the farmers on the Windward Islands suffer largely, because they work with Winfresh, an organization which includes shipping in its services. This implies that farmers take all the risks, figured in arrivals in the ports of destination' (Interview H).

FLO has also noticed how traceability standards are used in an unfair way and reports that revision is at hand (Interview J).

7.1.4 Standard 4 Pre-financing

–Pre-finance is one of the core benefits for producers within the Fairtrade system. The intention of this section is to help producers (organizations) gain access to reasonable forms of financial assistance to support their purchases from their members. Producers may request pre-finance from Fairtrade payers against agreed time periods and, where required, against specific quantities, unless otherwise specified in the product standards. – (FLO, 2009)

A practice of pre-financing as intended in the standard, cannot be perceived in any of the Fairtrade banana tradings in the three chains (Interviews C-J). Although, Agrofair (chain 3) pays within the week, regular pre-financing does not take place in the Fairtrade banana business. It is easy to conclude that reproduction is not according to FLO standards, but it is mentioned in the additional product standard for bananas that the generic Fairtrade standard on pre-financing does not apply for this product. As bananas are picked daily, pre-financing is not neccessary, FLO explains (Interview J).
Instead, possible pre-financing terms and conditions should be negotiated between the banana producer and buyer and be included in contracts (FLO, 2009). Incidentally, producers organizations in the three chains do ask for loans from buyers to invest in Fairtrade production methods. Occasionally, Fyffes (chain 2) invests in new farms which want to switch to Fairtrade production methods. Albert Heijn (chain 1) mentions incidental pre-financing agreements with producers, and so does Dole (chain 1) but frequency, volumes and rates do not become clear (Interviews C,D,E,F). As pre-financing is not daily practice in Fairtrade banana business and income can be generated throughout the year, cooperatives do not seem to suffer from the absence of a pre-financing practice. More research concerning this subject specifically, is needed to support this assumption.

7.2 Standard for Fairtrade minimum price and premium

–The Fairtrade Minimum Price or relevant market price and the Fairtrade Premium are core benefits of the Fairtrade system for producers. The payment of the Fairtrade Minimum Price and Fairtrade Premium is a key function of those trade operators that buy from producers and are responsible for paying the Fairtrade price (the 'Fairtrade payer"). – (FLO 2009)

FLO bases the minimum Fairtrade price on the principle of covering average costs of sustainable production of the product as well as the ability to enable the average producer to produce in a sustainable way without systematic economic losses, and to contribute to a higher income of producers. Fairtrade Minimum Prices and Fairtrade Premiums are set at either country specific, regional or global

level.
This Fairtrade minimum price must at least be paid to producers for their Fairtrade products (FLO, 2011). In practice, the Fairtrade minimum price should only come into effect when the reference market price or the negotiated price drops below the minimum price which has been set for the product.
Critics say that supermarkets try to influence this minimum price, but Albert Heijn (chain 1) says that supermarkets do not have any influence on that. Plus and Fyffes in chain 2 confirm that FLO exclusively establishes the Fairtrade prices. They are obligated to pay this price or else they won't be able to buy any Fairtrade bananas (Interview C).

Albert Heijn confirms their payment of the minimum price for Fairtrade bananas. The supermarket regards this minimum price as the most important benefit for farmers:

'Producers receive the fixed price and premium and are well off (Interview D).

Also Dole pays the Fairtrade price for Fairtrade bananas but the fruit company complains that margins are tight due to this fixed minimum price for producers. In 2010, the fruit company complains that there is no profit in their Fairtrade banana trade, as they suddenly had to buy extra volumes of Fairtrade bananas due to a lack in supplies (Interview E).
Plus has no problem with paying this minimum price, but this Fairtrade minimum price could be lower, the supermarket thinks:

'If Fairtrade bananas are all bought for the Fairtrade price, then the price increase for Fairtrade bananas could be as little as 5%' (Interview G).

Supermarkets and fruit companies see the minimum price as a fixed price farmers are well of with, while FLO aims at setting a minimum price that should be paid for Fairtrade products which only becomes effective when markets are low.

From the perspective of farmers, the Fairtrade minimum price is the most valuable achievement of the Fairtrade system because it offers them a stable income over the long-term (Interviews H,K,L,M). When bananas are scarce due to a higher demand or lower supplies from other areas, cooperatives have started to bargain for better prices for bananas which are not under contract. (Interview F). This price competition in times of higher market prices, confirms the reproduction to the intention of the standard which says that the minimum price is only used then the market price is lower.

Prices per box bananas	**Euro per box bananas (18,4 kg)**
Price producers receive	5,50 euro
Price fruit companies pay + packing and premium	8 euro
Costs fruit companies	Transport: ,4,20 euro Taxes: 2,65 euro Ripening/distribution: 0,50 euro Max Havelaar fee: 0,72 euro
Price supermarkets pay	18/22 euro
Price consumers pay	40 euro

Tabel 2: Price example Fairtrade banana trade

Although the fixed price gives farmers more certainty, farmers cooperatives do still suffer from fluctuations in the market as market conventions remain strong. When prices for regular bananas are low, it is often not possible to sell all bananas for the Fairtrade price. Especially, cooperations in Equador (chain 3) suffer from this as Equador has a large spotmarket which influences large price fluctuations (Interviews H,L):

'Despite the fixed price our profits are swinging; we sometimes have to sell half of our supplies for 3 dollar per box. This is a weak spot in the FLO standards' (Interview H).

When cooperatives receive a lower price, farmers also suffer from lower incomes, leading to a decline in maintenance of the farms (Interview H). This way of doing business is in contradiction with FLO's intention of setting the fixed price, as it prescribes that the minimum price has to be paid for all Fairtrade certified products. Although, the set minimum price has been able to reduce the influence of market conventions regarding getting the lowest possible prices, it is not fully used to its intention of protecting small producers.

Where fruit company Fyffes can make a small profit, their partner cooperative Uniban (chain 2) claims it is impossible to make a profit out of their Fairtrade business as FLO prices do not take export and extra production costs due to additional demands of supermarkets into account:

'The FLO minimum prices offer farmers protection against fluctuating market prices, but these prices do not take export costs of exporters into account. In addition, the production costs are high because of the manual weeding which is involved in Fairtrade banana production. This makes it hard for us to make a profit in this business' (Interview L).

In addition, Fairtrade fruit companies try to burden cooperatives with extra costs for services like transport over land (Interview H).

Fairtrade producers in all three chains receive the Fairtrade premium of 1 dollar per box of Fairtrade bananas (18,14kg). The payment of the premium is an undisputed benefit of the Fairtrade system (Interviews C,D,E,F,G). The premiums are used for extra production facilities and community development, like schooling, housing etcetera and often distributed by the farmers and workers cooperatives (Interview E,K). Within COPDEBAN deposits of the premium money are saved in a communal fund for social, economical and ecological development. Producers and workers decide democraticaly which projects are supported with the premium money based on conventions which, they say, are aimed at getting the best results for people and the environment.
In Peru, cooperative BOS has made a big contribution to the region due to the premium money; 800 families are connected to BOS and profit directly from the investments. Recently, houses have been build, in addition health insurance for member families and water and electricity supplies have been set up. The members of the cooperative decide jointly how the premium is spend based on their conventions regarding impact on their members and their families (Interview M). A business manager of Plus (chain 2) has personally witnessed the important contribution the premium money has made to communities in Colombia. A company visit to this country has shown the clear advantages communities experience in the field of healthcare, housing and infrastructure, especially where smaller farmers are involved (Interview G). Fyffes confirms the impact premium money has had:

Photo 7: Banana production at El Guabo, Equador.

'Small farmers do not have the facilities large cooperatives have and need new inventive ways to stay in business. Therefore premium money has been used to develop a watermanagement system for flushing bananas as an alternative for the use of large water bassins' (Interview C).

In the same chain, cooperative Uniban and its associated growers make a contribution to home foundation Fundauniban for each box of bananas that is exported – reinvesting the premium directly back into the communities (Interview L). The foundation, which also receives contributions and assistance from national and international government and non-government organizations, decides which projects benefit from the premium money based on the estimated impact on people and communities.

In chain 3, 80% of the premium money of El Guabo is spend by the cooperative, the expenditure of the remaining 20% is for local groups to decide, of which some function as small banks for credit loans. The cooperative decided where to invest the premium money in, mainly based on the currently valid conventions regarding the impact on their members and the enhancement of production methods. Examples can be found in the central purchase of herbicides, the financing of schools and school material, and food-parcels for workers and a community farm project. This farm project, which is also supported with grants from the Dutch government, aims at learning and implementing new techniques and computer driven growing of bananas. Also, trucks have been bought for spraying herbicides from the ground (Interviews F,H). In Northern Peru, the cooperative of La Samaria, also in chain 3, decides jointly how premiums are spend, leading to investments in housing, infrastructure, health insurance, packing facilities and schooling (Interview K).

7.3 Reproduction of producer standards for small producers

7.3.1 Standard 1 Democracy, participation and transparency

– The organization must be an instrument for the social and economic development of the members, and the benefits of Fairtrade must reach the members. The organization must therefore have democratic structures in place and a transparent administration, enabling effective control by the members and the Board over the management of the organization, as well as enabling the members to hold the Board accountable for its activities. – (FLO, 2009)

Cooperatives in all three chains are democratically organized according to the letter of the standard. Over the past five years, many cooperatives have grown into professional organizations which are responsible for large social and economical developments in their regions.

Albert Heijn (chain 1) works indirectly with large cooperatives which are well organized; fruit companies Dole and Port International are responsible for the selection of these cooperatives (Interview D). As has been clarified in Chapter 6, Dole has invested in relations with cooperative COPDEBAN in Peru since 1998, and in 2001 COPDEBAN became Dole's first 100% organic operation which sources bananas from over 1,900 families. Over the last ten years, the cooperative has professionalized, resulting in a chosen board with elected members and the hiring of a professional staff. The approach to the social and economic development of members is said to be based on civic conventions and is aimed at realizing the biggest benefits for members. Projects are organized by the Dole Foundation of Sullana Valley which was launched in 2009. It mainly aims at improving the health and educational conditions in the local communities, and wants to empower producer associations in the production and packing process (Interview E,J; Dolecsr.com).

Port International produces the majority of its bananas on private plantations, occasionally additional bananas are bought from smaller cooperatives. One of these smaller cooperatives in Peru is BOS Salitral who, depending on the price offers, supplies bananas to COPDEBAN or other importers. The members of BOS are 540 small producers (each approximately 1 ha) who produce 10 containers (1500 boxes per container) of bananas per week. The members are represented in a chosen board. Since 2006, the organisation has expanded largely; from 80 members in 2006 to 540 members in 2011, and has, because of its fairly large size and the value it attaches to civic conventions related to the best results for their members, had a major impact on the social and economical development of the region it operates in (Interviews M,J).

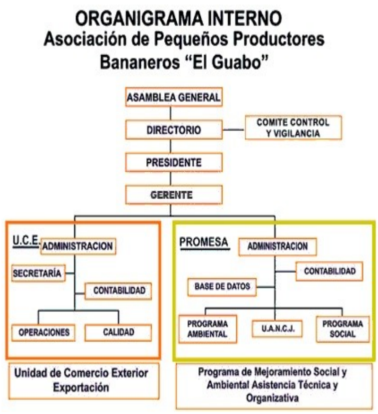

Figure 2: Organization chart El Guabo

As has been clarified in Chapter 6, fruit company Fyffes in chain 2 buys the majority of its Fairtrade bananas from cooperative Uniban, the largest cooperative of Colombia. Uniban is well organized with a chosen board and is open to new members who are willing to meet Fairtrade demands (Interview C).
Unibans social foundation Fundauniban looks after the partition of the premium money and coordinates the construction of area housing, schools, clinics, water-purification plants, roads and infrastructure projects. The foundation also designs, and executes training programs, teaches technical assistance, and provides consulting advice for small business and rural family businesses, making the social and economical development of members a serious part of their business. This approach is related to civic conventions which strive for the well being of farmers (Interviews C,L).

Agrofair (chain 3) works with a variety of smaller cooperatives of which El Guabo and La Samaria have been included in this case study. El Guabo is a cooperative of 350 small farmers (up to 20 ha) which, over the past five years, has grown into a professional organization with a hired management and staff. Members are represented in a chosen board which is elected once in two years, and decide, based on civic conventions, what conditions and projects are best for its farmers and workers. The premium has been used for projects concerning the benefit of members, which include health insurance, education, housing, infrastructure and the improvement of production methods, resulting in a large improvement of conditions of life for all members and their families (Interview F, H). La Samaria is a workers cooperative with a board of chosen workers. The cooperative has become more professional over the past five years; the organizational structure has become more clear and yearly reports are made to render an account of activities. The underdeveloped region La Samaria operates in, has profitted largely from the activities of the cooperative (Interview K).

With the professionalization of the cooperatives, transparency of administration is said to have improved (Interview H,K,L). Differences in educational level between professional hired staff and uneducated farmers make it complex to answer the question whether the standard is reproduced according to intention. Without local observation of practices, it is impossible to draw unambiguous conclusions about the reproduction of the transparency issues in this standard. Further research is needed to deepen our understanding of transparency issues between cooperatives and their members.

7.3.2 Standard 2 Labour conditions

– FLO regards the Conventions of the International Labour Organization (ILO) as the authority on working conditions, and expects all small producers' organizations to meet the ILO requirements as far as possible. Fairtrade should lead to the demonstrable empowerment and environmentally-sustainable social and economic development of the organization and its members, and through them the workers employed by the organization or by the members. – (FLO, 2009)

This FLO labour standards refer to working conditions concerning the payment of minimum wages or higher to workers who are employed by members of the cooperative; freedom of labour, in this case especially the prohibition of child labour under 15; freedom from discrimination; freedom of association and collective bargaining; and minimising the risks of accidents and injury in the working environment.

The supermarkets in all three chains rely on their contracting partners to make sure that labour standards are met, but actually think FLO should be responsible for testing standard observance. Albert Heijn's contracts with suppliers contain the 'Ahold Standards of Engagement' which are based on the same ILO guidelines and contain industrial conventions regarding labour issues. These standards for suppliers, which are not publicly available but are claimed to be an extract of the BSCI basic requirements, also establish minimum standards regarding issues such as working conditions (SOMO, 2011; Interview D). Albert Heijn relies on its partners in chain 1 to meet these standards; trustworthy relationships are considered to be the main driver of their fruit trading. Whenever this trust is violated by means of trespassing labour standards, these relationships will be seriously endangered (Interview D).

To avoid unsatisfied buyers and image problems, local teams of fruit company Dole/COPDEBAN verify compliance with labour standards. But also Dole thinks FLO should test compliance:

'FLO should be responsible, but we don't want to run any risks concerning these issues' (Interview E).

Plus also relies on FLO for testing standard compliance in chain 2 (Interview G), but the partners in this chain do not want to run any risks and try to make certain that labour standards are applied. Being afraid of image problems, Fyffes, under pressure of consumers in the UK, installed a Banana code of Practice in 2000, which largely overlaps with the Fairtrade labour standards. This code determines which labour conditions and social and environmental prescriptions apply (Interview C; Banana code of Practice, 2000). Their partner Uniban is expected to make certain that all demands are met; implying that minimum wages are paid, no child labour takes place, workers can organize themselves and human rights and health are respected.Uniban confirms to comply with all standards concerning labour conditions:

'Applying the norms means having employees work under contract and comply with criteria for small producers which have the right to organize. As workers are concerned, fair wages, freedom of association and requirements in the field of health- and safety norms apply' (Interview L).

Coop (chain 3) relies on Agrofair to meet FLO standards, in turn, Agrofair trusts its cooperatives to do the same (Interview F). Cooperative of small farmers, El Guabo, at least pays minimum wages or higher. The cooperative explains that workers often profit more from working for their members, who are small Fairtrade family farmers and have less abilities to bargain, then at large plantations which often pay lower wages. To be sure that all labour standards are met, technical workers at El Guabo randomly check compliance with labour standards at the farms of members, by which special attention is given to the fact that children attend school and are not fulltime working on farms, a condition which is explicitely mentioned in the standard. The administration of the cooperative forms another tool for auditing compliance with standards; by checking pay rolls, El Guabo exactly knows what wages are paid (Interview H).

Despite the strains for testing compliance in the three chains and the seemingly correct reproduction, some examples of problems with the reproduction of labour standards stand out. Workers in the Dominican Republic campaigned for better labour conditions, making use of their right to associate and bargain collectively. These protests, which were hindering availability of bananas, in combination with the unpredictable weather and loadtime, made Albert Heijn end these supplies because they claim that industrial conventions for availability and quality were not met (Interviews D,E). Although, the reproduction is according to standards, the final result is disadvantuous for farmers cooperatives. In Peru also, trade unions are campaigning for higher wages and more days off for workers, and the right of farmers to independently sell their bananas, leading to difficulties for fruit company Dole. The right to campaign is respected, but not cordially (Interview E). In Equador, Fairtrade production hardly knows any trade union activity due to smaller farms and a proper treatment of workers (Interview H). La Samaria in Peru reports historical limitations concerning trade union activity in their region:

'Historically, trade union activity was associated with violence and terrorism and local people have inherited a resistance against trade unions. This is one of the reasons for us to work with Ecocert, and not with FLO who includes the right to organize in their standards' (Interview K).

While the rights of contractworkers are protected in the standards, part-time banana packers have a less fortunate position; 'they are the mailmen of the banana trade', El Guabo (Interview H) says. The rights of workers are a 'leak in the standards', Agrofair confirms. Contract workers collect guaranteed wages but the situation of part-time banana packers is uncertain, as they travel from one farm to another, have little or any rights, and cannot be protected from market conventions related to price.

Recently, new powers have started to influence reproduction of labour standards: some farmers are afraid to loose acquired rights and ask for additional agreements on top of current standards. These demands include the allocation of premiums and the certainty to maintain current rights in future (Interviews H,J). Also, workers become more and more demanding based on civic conventions related to the impact they think Fairtrade should have on people:

'The newest CAO proposal carries far beyond the normal; farmers for example want a three months leave when a family member needs to get medical attention abroad' (Interview H).

7.3.2.1 FLO audits in all three chains

In general, FLO guarantees the strict auditing of labour standards by FLO-cert in all Fairtrade chains. In all countries of production FLO inspection teams are verifying whether standards are applied according to FLO rules and legislations. Although, FLO-cert covers the supervision of production in developing countries, control in Europe could be improved. This could prevent current problems with quality claims in countries of production:

'In countries of production everything is under strict control, but once the Fairtrade bananas have arrived in Europe there is little control left. The supervision of supermarkets and fruit companies, and the compliance with standards for commercial parties should be improved' (Interview J).

7.4 Additional demands

In literature (see Chapter 1), besides the reproduction of standards under influence of mainstreaming, also the emergence of additional demands has been mentioned. These additional demands are imposed on supplying partners in the chains by dominant buyers.

Additional demands are often similar to requirements in conventional chains, being business as usual for supermarkets, but not for fruit companies and cooperatives who often think these demands are not according to the intention of Fairtrade (Interviews D,E,F,G). Most of these additional requests are explained to be based on industrial conventions related to quality expectations of supermarkets.

Plus explains that the quality of Fairtrade products should at least be comparable to the quality of conventional products:

'Consumers want top quality products, and some Fairtrade products cannot live up to those standards yet' (Interview G).

Their partner Fyffes appreciates the character of the Fairtrade business, but puts the emphasis on quality production and making a profit. Supplying cooperative Uniban says the demands that are associated with this way of doing business sometimes have no single connection with 'Fair trade':

'Some extra demands include wishes which have nothing to do with 'Fairtrade' and we certainly do not agree with them. Supermarkets and importers prescribe very strict product specifications which are too difficult to comply with' (Interview L).

Obviously, additional demands are daily practice, Agrofair (chain 3) says. Standards only reflect minimum demands, while supermarkets and importers eventually determine quality norms according to their requirements based on industrial conventions. Agrofair expects that in future also small farmers will be expected to meet the increasingly stricter demands:

'FLO demands will be step 1, but more steps will be necessary to stay in business. It is a challenge to carry small farmers cooperatives along in the process of meeting these ever stricter demands' (Interview F).

The additional demands of supermarkets, could be prevented by FLO making more adequate standards concerning supermarket activities in the chain, as the current standards do not cover these issues, Agrofair says:

'Supermarkets are only in the position to require these additional demands because FLO does not dare to make standards for supermarkets' (Interview F).

FLO recognizes the problems and, currently, new or changed standards are brought up for discussion at FLO headquarters, including discussions about quality claims (Interviews F,J).

One of the cooperatives in chain 3 that has to deal with additional demands from supermarkets and fruit companies in practice, is El Guabo in Equador. The demands they encounter include very strict additional quality demands, all for similar prices. These include, among others, wishes concerning new picking and packing techniques. Although all supermarkets and fruit companies have extra requirements, these quality demands seem especially important for Dole USA and supermarket Waitrose (UK):

'Dole USA is working with local Dole people who interfere in our production and impose extra quality demands. for the same price. Waitrose has super strict requirements which can be called Globalgap 'plus plus'. It is difficult for farmers to comply with all of them. One of the demands it that all banana cutting plates are counted and returned after harvesting, also administration is complex. Fifteen farmers of our cooperative can do this' (Interview H).

Besides additional demands, fruit companies and cooperatives in all three chains report 'ways of doing business' which are said not to be according to the 'intention of Fair trade'. This refers to the availability of bananas in countries of production which is now the full responsibility of fruit companies. As supermarkets do not accept any risks, fruit companies are bothered with availability problems due to bad weather conditions and other difficulties in the regions of production

(Interviews C,E,F).
For reasons of food safety and quality management based on their industrial conventions, Albert Heijn plans to switch from FLO standardization to BSCI (Business Social Compliance Initiative) standardization (Interview D). BSCI is a business-driven social standard initiative that, since 2007, broadened its scope from textile and garment sectors to include the food sector, a development which Albert Heijn also contributed towards. The programme aims at monitoring and improving working conditions in the global value chain, including those originating in developing countries (SOMO, 2011). The most important ground for this transfer is that Albert Heijn aims at shifting to a complete sustainable fruit selection in 2015, and expects that FLO farmers are not able to comply with their demands for quality and availability:

'When fruit is the product, working with small farmers is difficult; smaller farmers cannot comply with all our demands as large producers do. This is a serious hindrance for the growth of Max Havelaar and the reason why we have chosen to start working with the BSCI standard' (Interview D).

7.5 Summary: the influence of mainstreaming on the reproduction of standards

The reproduction of Fairtrade banana standards within chains 1 and 2, compared to the third NGO-based chain has shown few differences in the reproduction of standards for *long-term relationships, contracts* and the payment of the *Fairtrade minimum price*. In addition, in all three chains *additional demands* and side effects related to the reproduction of the standard for *traceability* have been found. These additional demands and side effects can be ascribed to the activities of mainstreaming parties, mainly supermarkets.

Supermarkets in all chains stress the importance of *long-term relationships,* but their demands related to industrial and market conventions prevail when the reproduction of this standard is involved. Relationships in chains 1 and 2 have been ended by supermarkets in cases when these demands were not met, proving how the reproduction of this standard is under influence of mainstreaming (Interviews D,E,G,I). In both chain 2 and the NGO based chain, the value attached to long-term relations has been turned into practice.
In chain 1, supermarkets conventions have largely influenced market access of suppliers (Interview E,J), but in chain 2 fruit company Fyffes makes a difference by maintaining a 35 year relationship with their supplier based on domestic conventions related to trust and long-term relations (Interviews C,L).
A recent phenomena, which is seen in all three chains, is the professionalization of

cooperatives that are driven by conventions aimed at getting the best results for their members. This development makes cooperatives more competent in accessing new markets, and because of that, less dependent of supermarkets and fruit companies (Interviews E,H,K,J,L).

In all three chains, *contracts* are renewed yearly after a period of fierce price competition, and are based on market conventions and industrial conventions related to the lowest possible price, high quality demands and stable delivery conditions (Interviews C-I). The dominance of supermarkets in this process, has made the reproduction of the 'mutual agreement' aspect of the standard questionable and subject to reproduction according to the wishes of those supermarkets. In addition, also the insertion of an agreed volume is problematic and subject to the influence of mainstreaming parties (Interviews C,E,F,H).
In the contracting between fruit companies and suppliers, Fyffes stands out as a positive exception, committing to an agreed yearly volume with their suppliers (Interviews C,L). In the NGO-based chain, Agrofair's contracts with suppliers are fully based on FLO standards and mutually agreed between the fruit company and suppliers (Interviews F,H,K). An agreed volume is not included though, leaving the reproduction of this standard questionable in both conventional and NGO-based chains.

The standard for *traceability* is reproduced according to the intentions in all three chains (Interviews C-G). Despite this correct reproduction, the use of this standard is subject to mainstreaming influences as the tracking codes are used by supermarkets in cases of quality disputes which are based on their industrial conventions (Interviews F,H,J). The traceability codes are used in all chains for reasons of making quality claims. Often these claims are so unclear that cooperatives can take no effective claim of farmers.

Pre-financing, as recorded in the general standards, does not occur in the Fairtrade banana business, but the FLO product standard for bananas describes that this standard does not apply for bananas. Pre-financing should not be daily business, but can occassionally be arranged between contract partners. In all three chains, incidental pre-financing occurs (Interviews C,D,F).

The *Fairtrade minimum price* and *Fairtrade premium* are the most important achievements of the Fairtrade system for farmers, but reproduction is only partly according to the intention of the standard. While most supermarkets and fruit companies see the minimum price as a fixed price they are willing to pay (Interviews D, G), cooperatives increasingly start to negotiate for better prices in times of scarcity, using the standard according to its intention (Interviews

E,F,H,K). On the other hand, when prices are low, farmers often are not able to sell all Fairtrade bananas as Fairtrade products for a minimum price. In all three chains, paying less than the minimum Fairtrade price for bananas which are not under contract is possible, making the reproduction of the standard subordinate to market conventions of supermarkets, who's main interest is to pay the lowest possible price (Interviews C,E,F,H).
The premium of 1 dollar per box bananas is an undisputed and highly beneficial benefit of the Fairtrade system which, based on civic conventions aiming at the highest impact on the environment and members, takes care of large community development projects in all Fairtrade regions (Interviews C-I,K-N).

The reproduction of producer standards for *democracy, participation and transparency* for small producers is similar in all three chains, although conventional chains suffer more from campaigning workers (H,K-N). In all three chains, cooperatives are organised democratically and have, during the past five years, grown into professional organizations with a chosen board and professional staff. Without exception, the activities of cooperatives have had a positive influence on the social and economical development of members and mainstreaming does not seem to have any negative influence on that. Civic conventions related to better circumstances for their members guide these activities (Interviews C,F,G,H,K-N). Field observation in Latin-America would be necessary to find out whether transparency is sufficient and reproduced according to the standard.

Supermarkets in all three chains claim to respect *labour conditions* and to rely on their partners in the chain and FLO for effectively checking compliance (Interviews D,G, Coop Guidelines, 2010). Albert Heijn has incorporated ILO guidelines in their contracting with partners, and also Fyffes introduced a similar 'code of best practices' (Interviews C,D, Code of Best Practices, Fyffes). To avoid any image problems, fruit companies in the mainstream test compliance themselves, where Agrofair relies on their partner cooperatives (Interviews C,E,F). All cooperatives say to meet labour demands.
Differences between the conventional and NGO-based chain can be found in problems with campaigning workers and interdependent availablity of bananas. Campaigning is tolerated by mainstreaming parties but has proven to lead to negative consequences concerning contracting, showing how industrial conventions related to high quality and a stable availability of bananas are dominant (Interviews D,E,G). The NGO-based chain hardly knows any trade union activies.

Workers which are not under contract are said to be in a bad position in all chains. Rights of all workers are mentioned in the standard, but in practice these unrepresented workers are the outlaws of Fairtrade banana production (Interviews F,H,J). More research is needed to verify this assumption.

Additional demands from supermarkets are daily practice in all three chains, proving the influence of mainstreaming to be widespread among all Fairtrade banana operations. Although, there is a difference between the several supermarkets and the strictness of the industrial conventions they employ, in general all supermarkets impose additional demands on partners in the chain while prices remain unaltered, both in the conventional and NGO-based chains (Interviews F,H,J-M).
While supermarkets often think it is business as usual, partners in the chains have alternative experiences. In all chains, cooperatives struggle to meet up with these strict demands for similar prices, which mostly relate to additional quality requirements based on industrial conventions (Interviews H,K-M). The most striking example of supermarkets not being satisfied with the current quality levels, is Albert Heijn who plans to switch to a new certification system, as the FLO system is said to be unsuitable for living up with the demands related to their industrial conventions for quality and availability (Interviews D,E).

Chapter 8   Conclusion & discussion

The last few years, due to the activities of large brand corporations and supermarkets, Fairtrade has largely become part of the mainstream economy. Critics say that these 'market-driven' firms have little affinity to Fairtrade's original starting points and might cause weakening of the original Fairtrade standards (Taylor, 2005; Raynolds, 2009). Supermarkets and large companies are said to operate based on industrial and market conventions which are solely aimed at traceability, quality control and prize competition (Shreck, 2003; Renard, 2005). Especially supermarkets are seen as the dominant partner in buyer-led chains in which they require suppliers to meet an expanding range of standards for food qualities (Raynolds & Wilkinson, 2008; Tallontire, 2009).

In this case study standards are seen as a set of rules and legislations which are subject to interpretation; standards incorporate social, political and economic interests which shape social and material relations and are reproduced in everyday activities and by individual actors (Van der Kamp, 2010). Therefore, the agency of actors in shaping relations and practices has been taken into account during the study of the reproduction of Fairtrade banana standards (Ponte & Gibbon, 2005; Tallontire, 2009; Riisgaard, 2009).

The study was designed to find out how mainstreaming has influenced the reproduction of Fairtrade standards in Fairtrade banana chains. Within the case study, the influence of chain governance and business models on power relations in three different banana chains has been explored and compared in connection with the study of the reproduction of banana standards in everyday life by individual actors within these chains. A framework of governance chain analysis has been applied to identify forms of governance and business models in relation to the effects on power relations between actors in the three chains. In addition, the reproduction of standards from paper to practice has been studied and social conventions that guide this reproduction have been identified, as reproduction is influenced by both power relations and social conventions rooted in network actors and practices, place and social and ecological concerns.

To be able to draw relevant conclusions, the influence of mainstreaming on power relations and the reproduction of standards in two Fairtrade chains (chains 1 and 2) which are largely part of the mainstream economy, have been compared to the power relations and reproductions in a third chain (chain 3), which has its basis in the NGO sector. Findings have been primarily drawn from semi-structured interviews with actors on all levels within the three chains. In addition, primary and secondary literature has been studied.

This chapter aims at drawing conclusions regarding the main research question: *how has mainstreaming influenced the reproduction of Fairtrade banana standards?* In addition it discusses the relevance and implications of findings.

8.1 Governance and power relations in banana chains

In chains 1 and 2, Albert Heijn and Plus use a business model of selling Fairtrade bananas under private label in combination with a governance model of captive value chain management. Both ways of doing business confirm the dominant position the supermarkets play: Albert Heijn and Plus decide where to buy bananas and for what price. The supermarkets explain that they pursue their normal way of doing business, also in Fairtrade, as this is the cheapest way of handling affairs, also for consumers. In chain 3, Coop sells Fairtrade bananas under the Oké brand. Business in this chain is characterized by a more relational character, but simultaneously buyer dominance of the supermarket is present, as price and quality demands are eventually also leading.

In chains 1 and 2, both the use of business models, and the governance of chains displays the integration of mainstreaming practices in the Fairtrade chains. Cooperations between Fyffes and Uniban form an exception though, as this relation is based on mutual dependence and a relational form of governance. Compared to chains 1 and 2, chain 3 seems under less influence of mainstreaming as a relational form of governance prevails, but also in this chain the influence of a supermarket which operates based on a form of captive value chain management can be encountered.

The different ways of governing the chain have implications for the power relations within the three chains. Selling the bananas under private label as Albert Heijn and Plus do, has provided the supermarkets a more powerful position at the expense of fruit companies and suppliers. Cooperatives and fruit companies face an expanding range of quality demands of supermarkets. The last five years, cooperatives have become more independent, creating their own market opportunities in negotiation with several fruit companies, in this way reinforcing their position at the expense of fruit companies.
The strong position of supermarkets in chains 1 and 2, becomes also visible in their involvement in choosing the suppliers that meet their demands best; the case study has shown how relationships have ended by supermarkets in cases that their demands were not met. In chain 3, the relation with supermarket Coop has grown

into a partnership which is based on mutual trust and equal expectations. Although, long-term relations are respected in chain 3, demands for low prices and high quality are again similar to conventional business doing.

All three chains show examples of how mainstreaming parties are occupying dominant positions in Fairtrade banana chains. In contrast with earlier findings in the coffee sector, this case study has found how fruit companies in all three chains are functioning as mere service-hatches of supermarkets, rather then powerful players in the Fairtrade banana chains, also due to the growing independency of cooperatives. For fruit companies in the NGO-based chain this development seems the most disadvantageous, as they are often 100% Fairtrade companies and cannot replenish possible losses with profits from conventional banana trade, like fruit companies in chains 1 and 2 have been doing.

8.2 Reproduction of Fairtrade banana standards

Earlier research into the Fairtrade coffee sector has shown how Fairtrade standards are subject to reproduction according to market and industrial conventions which are aimed at getting the lowest price and controlling quality (Renard, 2005; Raynolds & Wilkinson, 2008; Raynolds, 2009). Coffee cooperatives are unsure wether contracts will be renewed and relationships will be prolonged because contracts are based on these conventions. Large companies active in the Fairtrade business, are said to pursue commercial transactions which lead to pressure on prices, and undermine democratic and transparancy principles by insisting on dealing with professionals rather then elected producers (Taylor, 2005). Furthermore, case studies report that requests for pre-financing are refused, labour conditions are under pressure, and additional demands concerning quality issues are made (Mariscal, 2004; Raynolds, 2009; Renard & Perez-Grovas, 2007).

In the Fairtrade banana chains the dominant position of supermarkets becomes visible in the reproduction of the Fairtrade *standard for long-term relationships*. In cases that supermarkets demands for quality and availability are not met, relationships in the conventional chains 1 and 2 are brought to an end, in this way illustrating how industrial and market conventions are dominating relations within the Fairtrade chains which are part of the mainstream economy. Chain 2 and the NGO-based chain stand out positively for the presence of committed relationships which are prolonged over a longer period of time, based on domestic conventions related to trust and partnership. In some cases, market access of cooperatives has been influenced by mainstreaming practices, but increasingly these consequences are intercepted by the more reinforced and independent position of cooperatives.

In this case study, the dominance of market conventions became concrete in the reproduction of the *standard for contracts* in all investigated chains; supermarkets control what is bought and for what price. Contracts are renewed yearly, based on mainstreaming practices as fierce price competition and additional requirements of supermarkets, as they 'always do business like that'. These results are similar to earlier findings by Barrientos and Smith (2007) who showed how the commercial agenda of mainstreaming parties can change the character of Fairtrade standards by introducing new types of coordination which are mainly characterized by switching between suppliers based on price. A second complication in the reproduction of the standard for contracts, concerns the insertion of an agreed volume in the contracts, as is prescribed in the standard. In chains 1 and 3, no agreed volume is secured in the contracts, leading to high risks for fruit companies and cooperatives who, in cases of a surplus are facing low prices or, in cases of a shortage, are responsible for taking in extra bananas for higher prices.

The *traceability standard* is reproduced according to the letter, but as a side effect this study has shown how mainstreaming parties, which say that they are guided by industrial conventions, misuse the traceability codes for purposes of making quality claims. These claims are often unclear to cooperatives, making it impossible for them to face responsible farmers.

All parties in the three banana chains see the *Fairtrade minimum price and premium* as *the* core benefits of the Fairtrade system, but also this standard is only partly reproduced according to its intention. The minimum price is meant to be a minimum when market prices are low, but supermarkets consider this price to be a fixed price farmers are well off with. They are willing to pay this minimum price, but according to the standard, in times of high market prices higher prices should be payed, a prescription that collides with the dominant market conventions. The focus on low prices by mainstreaming parties leads to difficulties for cooperatives in times of abundance; bananas which are not under contract often have to be sold for conventional prices. On the other hand, cooperatives in all three chains are in the position of realizing higher prizes in times of scarcity.

Compared to earlier research (Shreck, 2003; Renard, 2005; Raynolds & Wilkinson, 2008; Raynolds 2009), this case study has resulted in a nuanced insight concerning the reproduction of the *standard for democracy, participation and transparancy.* While research into the coffee sector has shown how mainstreaming has hindered the democratic development of cooperatives, in the banana sector cooperatives have been developing towards democratically organized, professional and independent organisations with large social and economic benefits for members. Civic conventions regarding the impact of cooperatives on their members and the community, are dominant over market and industrial conventions. This evolvement, which has taken place during the past five years, has reduced the powerful position of mainstreaming parties, especially fruit companies, because cooperatives have grown into stronger and more equal negotiation partners.

Actors	Supermarket 1&2 →	Supermarket 3	Fruit company 1&2	Fruit company 3	Cooperative 1&2	Cooperative 3
Standards						
Long-term relationships	-	+	+/-	+	+/-	+
Contracts	-	+	+/-	+	+	+
Traceability	o	o	+/o	+/o	+	+
Prefinancing	-	-	-	-	-	-
Price & Premium	+/-	+/-	+/-	+/-	+	+
Democracy & part.					+	+
Labour conditions					+/o	+/o
Additional Demands	+	+	+	+		

Categories
+ reproduction according to standard
– Reproduction not according to standard
+/- Reproduction partly according to standard
o Side effectscv

Table 3: Reproduction of standards in chains 1 and 2 and chain 3

The reproduction of *labour conditions* in all chains seems according to the intention of the standard. Auditing organization FLO-cert confirms the compliance with these standards. Workers and farmers in chains 1 and 2 nevertheless are not satisfied with their position, and are campaigning for better labour conditions, while the NGO-based chain hardly knows any trade union activity. Supermarkets have considered the problems with campaigning workers enough reason to end relationships and contracts with suppliers, proving their industrial conventions to be more important than the observance of the right to associate and bargain collectively. Another weak point in the reproduction of this standard, may be found in the reproduction of labour conditions for unrepresented workers who are not represented by a cooperative or other organization. These workers are described as 'outlaws' with hardly any rights, but more research is needed to verify these results.

In the coffee sector, Tallontire (2009) found that the introduction of private label products coincides with an expanding range of own brand standards based on supermarkets *additional demands*. Also in the banana sector, fruit companies and cooperatives daily face additional demands from supermarkets. In all chains cooperatives struggle to meet these demands which are based on industrial conventions related to quality control and availability. While supermarkets consider these wishes to be 'business as usual', their partners in the chain think these demands lead to practices which are not in accordance with the intentions of Fairtrade. Not only do these demands exceed Fairtrade standards, but they also give rise to negotiations about extra services while the same Fairtrade minimum price is maintained. These services, for example, include strict packing and processing proceedings, and additional transport wishes.

The comparison of the reproduction of standards in chains 1 and 2 on the one hand, versus chain 3 on the other hand, has produced a variety in results regarding the influence of mainstreaming. In chains 1 and 2, standards for *long-term relationships, contracts* and the *Fairtrade minimum price* have shown to be under influence of mainstreaming, while the reproduction of the standard for *traceability* has shown a series of side effects. Also, *additional demands* are daily practice. Findings regarding *long-term relationships* and the drawing up of *contracts* between Fyffes and Uniban in chain 2 differentiate these results though, as the reproduction of these standards is completely to the intention of the standard.

While chain 3 stands out positively for the reproduction of *long-term relationships*, the influence of mainstreaming becomes obvious when the reproduction of standards for *contracts* and the *Fairtrade minimum price is* involved. Also, side effects in the reproduction of the standard for *traceability,* and the imposition of *additional demands* on suppliers has been reported. The influence of supermarkets has proven to be responsible for these results.

While the comparison between chains 1 and 2 versus chain 3 has produced few differences, the analysis of power relations in relation to the reproduction of standards by individual actors, and the social conventions that guide this reproduction have produced comprehensible outcomes regarding the influence of mainstreaming on the reproduction of Fairtrade banana standards.

8.3 Value of the case study

The entrance of the Fairtrade banana business into the mainstream economy has influenced the reproduction of Fairtrade banana standards in serveral ways. The case study has shown how core Fairtrade standards like the maintenance of *long-term relationships* and the *Fairtrade minimum price* have come under the influence of industrial and market conventions. Also, suppliers face an increasing number of *additional demands* as supermarkets expect partners in the Fairtrade banana chains to minimally meet their 'usual' business demands which are based on industrial conventions.

A backward force against the growing influence of mainstreaming, can be found in the professionalization and growth of farmers cooperatives. During the past five years, several cooperatives have grown into independent and strong organizations which operate based on civic conventions related to the impact on their members. Due to this development, their position has become more equal in negotiations with fruit companies and supermarkets. Strikingly, the position of fruit companies seems to have diluted, as they are squeezed in between the powerful supermarkets and these stronger cooperatives.

Based on recent developments, this study has been able to paint a more nuanced picture of the influence of mainstreaming on Fairtrade standards in comparison to earlier findings in the coffee sector, as these last mainly refer to the powerful position of different types of buyers at the expense of farmers cooperatives. Its merits specifically concern the study of power relations within banana chains in combination with the reproduction of standards by individual actors, as these actors in the chains largely influence how standards are reproduced in daily practice. Instead of studying the impact on producers, it has taken the agency of actors into account, thus creating insight in how actors actively reproduce standards according to conventions rooted in themselves, their practices, and place and social and ecological concerns.

An alternative explanation for the deviation in findings between the coffee and banana chains, could be found in differences in composition of these chains. While Fairtrade banana chains consists of a relative modest number of (larger) actors, Fairtrade coffee chains are known for their variety in suppliers, roasters, traders, and larger and smaller buyers (See also Chapter 5).

The dominant position of a few, large players in the Fairtrade banana chains would, according to expectations, lead to a more powerful position of these firms at the expense of cooperatives. In the coffee chain, where a variety of (smaller) buyers is active, more equal positions and room for reproduction of standards according to their intentions would be expected.

Findings of the case study are incompatible with these expectations, as in the banana chains a diversity in relations has been found and banana cooperatives have proven to have gained ground upon large fruit companies. Differences in results between the banana and coffee chains therefore are not likely to be based on deviations in composition, but on recent developments and differences of approach.

This examplary case study provides interesting starting points for further research into the influence of mainstreaming on Fairtrade standards and Fairtrade chains. These points include the further exploration of the consequences of the absence of a pre-financing practice, the need to deepen our understanding of transparency issues between cooperatives and their members, and the wish to get a better insight into the position of non-represented workers. In addition, the changed position of fruit companies, as mentioned in this case study, creates motive for future research.

8.4 Implications for FLO banana standards

Originally, Fairtrade has been designed to serve the interests of small-scale producers and preserve the environment offering an alternative to conventional trade. Fairtrade standards like the Fairtrade minimum price, aim to protect these small producers from the imbalance of power in trading relations, unstable markets and the injustices of conventional trade (FLO, 2011).

The case study has shown how governance forms of captive and relational value chain management, and business models of private or ATO-labels, have influenced power relations in all three banana chains. It has been explained how the dominant position of supermarkets has resulted in the reproduction of Fairtrade banana standards for *long-term relationships, contracts* and the *Fairtrade minimum price* according to industrial and market conventions, and how mainstreaming creates unwanted side effects and *additional demands*. The study has also presented how a diversity in power relations, mainly in chains 2 and 3, leads to more room for reproduction of standards according to civic and domestic conventions.

In addition, more nuanced results in comparison to the Fairtrade coffee chains have been offered, as standards for *labour conditions* and *democracy, participation and transparancy* have proven to be reproduced according to their intentions, in spite of the dominant position of supermarkets. This has been explained by the reinforced position of cooperatives.

Based on these results, it seems that Fairtrade banana standards are not fully capable of fulfulling their purpose of protecting actors in the chain from an imbalance in power relations and reproduction according to market and industrial conventions. This could partly be ascribed to supermarkets' commercial, and not idealistic, reasons for joining a Fairtrade certification system, but also to weaknesses in the current Fairtrade banana standards. These flaws could be reduced by introducing additional standards for supermarkets which minimize side effects in the reproduction of the *traceability* standard, and by increasing auditing practices related to compliance with the standards for *long-term relationships, contracts, Fairtrade minimum price,* and the imposition of *additional demands.*
As the case study has shown, the reproduction of Fairtrade banana standards for small producers is hardly under influence of mainstreaming, suggesting that banana standards for small-scale producers fulfil their original purpose of protecting and empowering producers.

8.5 Limitations of the case study

The limitations of this study concern the use of sources, as it is based on interviews, internet, supermarket research, and first and secondary literature, and not on observation and interviews with farmers in countries of production. Although, the gathering of information by means of interviewing key actors in combination with the use of written sources has produced a convincing and clarifying picture of the influence of mainstreaming on the reproduction of Fairtrade banana standards, observational research techniques could have provided more detailed information on the reproduction of standards in Peru, Colombia, Equador and the Dominican Republic. The application of observation techniques in combination with interviews in countries of production could have provided results on topics which are now mentioned for further research: the implications of the absence of pre-financing, transparency between cooperatives and their members, and the position of non-represented workers.
The second constraint relates to the focus on key players which are active on the Dutch Fairtrade banana market. This focus could lead to results which are specific for the Dutch situation. As the majority of the key players are active on the European market and/or in countries of production, these limits are considered to be no impediment for producing reliable results regarding the influence of mainstreaming on the reproduction of Fairtrade banana standards.

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Appendixes

Appendix 1 Overview interviews actors in banana chains

A-Z	Date	Chain	Organisation	Job description
A	16-09-10		Max Havelaar	Manager Retail
B	10-10-10		WUR	Researcher
C	30-11-10	2	Fyffes	Account Manager
D	02-12-10	1	Albert Heijn	Category Manager
E	03-12-10	1	Dole	Director Europe
F	09-12-10	3	Agrofair	Sourcing Manager
G	15-12-10	2	Plus	Business Manager
H	22-12-10	3	El Guabo	Commercial Manager
I	14-01-11	2	Superunie	Purchasing Manager
J	05-02-11		FLO	Coordinator Latin-America
K	02-02-11	3	La Samaria	Account Manager
L	28-02-11	2	Uniban	Sales Manager & Sales Assistant
M	22-02-11	1	BOS	General Manager
N	04-03-11	1	Dole/ COPDEBAN	Business Manager

Appendix 2 Questionnaire semi-structured interviews

1 Governance and business models
What are your activities in Fairtrade banana trade?
What volumes are you working with?
With which partners do you cooperate?
In what areas do you cooperate?

Are you in direct contact? Or do you work with intermediairies?
Who are those intermediairies? What are their activities?
Why is your business organized like this?

2 Reproduction of long-term relationships standard
How long have you been working with your current partners?
Is it your intention to continue working with these partners?
Why?

3 Reproduction of contract standard
What contracts do you draw up with business partners?
Are these contracts any different then conventional contracts?
What are these differences? How did they come into existence?
How do you use FLO standards in making up these contracts?
Have contracts recently changed?
How did they change and when? For what reasons?
Do you expect more changes in the near future?
Yes/no, why?

4 Reproduction of traceability standard
Can all Fairtrade products be traced in the chain?
How is this organized?
Why has it been organized in this way?
Does it work properly?

5 Reproduction of pre-financing standard
Have producers requested pre-financing? Or did you as producer request pre-financing?
Yes/no, why?
Do you in principle provide pre-financing?
Can you give examples?

6 Reproduction of minimum price and premium standard
How is the minimum Fairtrade price determined?
In what way are you able to influence this price?
What parties and what factors are furthermore of influence?
What can you say about margins in the chain?
What consequences does this have for your organization and why?

Are you paying/receiving the Fairtrade premium?
Do you know how the premium money is spend?
Why is this organized in this way?

7 Reproduction of democracy, participation and transparency standard by small producers
How is your supplying cooperative(s) organized?
Does it have an active involvement of members in the board?
What are the social and economic benefits for members?
Are you directly involved in how cooperatives operate?
Are you involved in the selection of producers?
Does the cooperative have a transparent administration which is open to members?

8 Reproduction of labour conditions standard by small producers
Who determines how labour conditions are reproduced locally?
In what way do you influence labour conditions?
Do you know what salaries are payed locally?
Do you know how standards in the area of human rights, child labour, humans health en the right to associate and collective bargaining are being reproduced?
Why has this been arranged in this way?
What other factors are influencing the reproduction of labour conditions?

9 Additional demands
Do FLO standards leave room for interpretation?
Which parts of the standards are subject to interpretation?
How do you value this possibility?
Do you agree with all standards?
Would you rather delete some standards? Why?
Do you impose/work with additional demands?
Yes/no, why?
What demands are involved?
Do other parties influence these demands?
Are these demands listed on paper or do they come forward in practice?
Why does it work this way?

10 Member validation
Do you have insight into (specific testing question depending on earlier outcomes)?
What are differences?
Do your competitors work any differently?

11 Closing
What are other important issues regarding Fairtrade banana standards?
Who should be questioned regarding this subject?