

# FAIR TRADE AND ORGANIC AGRICULTURE IN DEVELOPING COUNTRIES – A REVIEW

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## 1. BACKGROUND

- Combining fair trade and organic reduces farmer's livelihood vulnerability (Bacon, 2005)
- Fair Trade (Krier, 2008)
  - Major buyers– Europe, North America, Japan, Oceania
  - Major producers – Asia, Africa, Latin America
- Organic Agriculture (Helga and Kilcher (Eds.), 2011)
  - Major buyers– Europe, North America
  - Major producers – Asia, Australia, Latin America

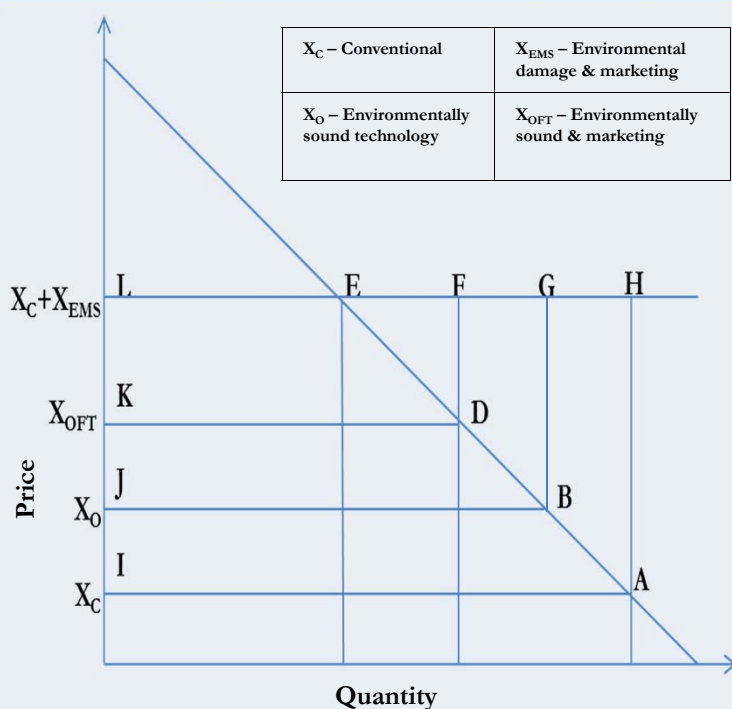
### Comparison – Opportunities and Challenges

Criteria	Organic	Fair Trade
Scope of Standard	Production	Marketing and labor conditions at work
Consumer Motivation	Environment and health	Poverty reduction
Certification Cost	Producer	Buyer
Microfinance Institutions	No specific credit programmes	Possibility of advance payments
Price	Market price	Institutional price

Source : Own Illustration

## 2. THEORETICAL FRAMEWORK

### Welfare Effects of selling organic products under fair trade



Source : Adapted Zilberman and Waibel (2007), modified

## 3. CASE STUDY OF BLACK PEPPER IN INDIA

Problem Statement	<ul style="list-style-type: none"> <li>International volatility in pepper prices made domestic farmers more vulnerable to poverty</li> <li>Fair traded organic pepper can help to diversify agricultural export markets</li> <li>Stable income from agriculture</li> </ul>									
Research Questions	<ol style="list-style-type: none"> <li>What are the drivers that influence <b>adoption</b> of fair traded organic produce by smallholder pepper farmers?</li> <li>What is the <b>impact</b> of fair traded organic produce on the income and consumption of the household?</li> </ol>									
Data Collection	<ul style="list-style-type: none"> <li>Smallholder pepper farmers from Idukki district, Kerala, India</li> <li>Panel dataset 2011 and 2012</li> </ul> <p>(i) 100 conventional (ii) 100 organic certified and (iii) 100 organic and fair trade certified</p>									
Methodology	<table border="1"> <thead> <tr> <th>Research Focus</th> <th>Quantitative</th> <th>Qualitative</th> </tr> </thead> <tbody> <tr> <td>Adoption</td> <td>Multinomial analysis</td> <td>-</td> </tr> <tr> <td>Impact</td> <td>Vulnerability To poverty</td> <td>Performance indicators other than income and consumption that affect impact</td> </tr> </tbody> </table>	Research Focus	Quantitative	Qualitative	Adoption	Multinomial analysis	-	Impact	Vulnerability To poverty	Performance indicators other than income and consumption that affect impact
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## 4. NEXT STEPS

- Quantitative analysis using panel data sets
- Labour organisation and diversification issues to be addressed
- Results will allow assessing if fair traded organic produce arrangements will discriminate against the smaller and poorer farmers

## 5. REFERENCES

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