

Oxfam vs Starbucks:

The Battle Over Fair Trade

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The beginning of 2007 found Oxfam America deeply embroiled in a media competition with the Starbucks Corporation. The controversy revolved around Oxfam's fair trade initiative, a campaign run by Oxfam International and its 13 affiliates. Launched in 2002, the Make Trade Fair campaign teamed up with the global Fair Trade movement with the aim of empowering farmers in developing countries. "Fair Trade is a growing, international movement which ensures that producers in poor countries get a fair deal. This means a fair price for their goods...long-term contracts which provide real security; and for many, support to gain the knowledge and skills that they need to develop their businesses and increase sales" (www.makefairtrade.com).

Make Trade Fair is just one of Oxfam's many campaigns, which include engendering world citizens on issues of health, equality, human rights, and climate change. Oxfam was founded in 1942 by Canon Theodore Richard Milford and the Oxford Meeting of the Quakers. It is now one of the world's largest NGOs, working with 3000 partners in more than 100 countries (www.wikipedia.org).

It is not unusual for Oxfam to write sensational news releases in order to gain media attention and motivate the public, and the Make Trade Fair campaign was no different. Oxfam began the campaign with a press release meant to inspire outrage and motivate activists to pay attention to issues of fair trade: "The Great Trade Robbery: Rich world swindles millions from the benefits of trade as global wealth divide widens to all time high" (Quelch & Laidler-Kylander, 2006, p. 70).

The organization then took the campaign a step further by publicly accusing Starbucks of promoting poverty for Ethiopian farmers by advocating for the block of

Ethiopia's trademark request to the National Coffee Association. Securing the rights to the specialty coffee beans would enable Ethiopian farmers to gain more autonomy over their trade, Oxfam claimed (www.oxfamamerica.org).

Oxfam encouraged an anti-Starbucks campaign that eventually mobilized 96,000 people to write letters, phone, or visit stores to voice their complaints (www.maketradefair.org). The movement threw a negative light on the business ethics of the Starbucks Company by generating widespread media attention throughout the world.

In response, the coffee chain placed pamphlets in its stores, which accused Oxfam of misleading the public. Starbucks said that their own code of corporate responsibility (called the Coffee and Farmer Equity practices, or CAFE) was actually more beneficial to Ethiopian farmers than that of Make Trade Fair. Starbucks argued that CAFE practices provide a greater infrastructure and community development through technical support and microfinance loans. Said company representatives, "In addition to paying premium prices for all of our coffees, our investment in social development projects and providing access to affordable loans in coffee growing regions has been recognized for its leadership within the industry" (www.starbucks.com).

Others agreed. According to an article in Economist.com, CAFE is a more ethical system than Fair Trade because it promotes sustainability. "So far from being a bloodthirsty exploiter happy to keep farmers in poverty, Starbucks emerges as a responsible firm approaching difficult questions in a thoughtful way" (www.economist.com).

The Economist wasn't the only entity to take issue with the logistics of Oxfam's campaign, or the questionable tactics that Oxfam used to attack Starbucks. Another coffee producer, Illy Café, also took issue with Make Trade Fair, claiming that it oversimplifies coffee farming issues. Similarly to Starbucks, Illy Café decided to concentrate

on its own plan of sustainable farming rather than agree to Oxfam's Fair Trade standards (www.illy.com).

The battle between Starbucks and Oxfam waged for several years before finally coming to a head in the summer of 2007, when Starbucks conceded to Oxfam's demands. On June 20, Starbucks leaders and representatives from the Ethiopian government announced new distribution, marketing, and licensing agreements that recognize specific Ethiopian coffee designations (www.oxfamamerica.org).

Oxfam pointed to Starbucks's change of heart as an example of the success that can result from a grassroots campaign. "Our collective efforts have made a huge difference, and Oxfam would like to thank the tens of thousands who used their voices to encourage Starbucks to do the right thing by Ethiopian coffee farmers," Oxfam proclaimed on www.maketradefair.com.

However, many farmer advocates are still not satisfied with the agreement, doubting that the resolution will ultimately benefit Ethiopians. "...my happiness vanished as I read the press release and the message from Oxfam. No word was mentioned how the licensing dispute ended to benefit the poor farmers" (www.poorfarmer.blogspot.com). Others believe the deal was an example of 'greenwashing', meaning that the agreement allows Starbucks to receive an endorsement from Oxfam (a reputable organization) as well as an image boost in return for a minimal donation.

One thing that seems clear is that the root of the problem is much deeper than either Starbucks or Oxfam will admit, and that new licensing agreements are only one small solution to an endemic problem of poverty and exploitation. Nonetheless, Oxfam plans to continue its crusade against coffee giants, citing the Starbucks concession as an unqualified victory in the fight to empower struggling farmers.

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