

THE NICHE-REGIME TRANSITION IN FAIR TRADE, CONTRIBUTIONS FROM MEXICO

La transición nicho-régimen en comercio justo, aportes desde México

ABSTRACT

The objective of the article was to analyze the trajectory of the fairtrade niche as opposed to the food production and marketing regime. For this purpose, we worked in parallel on two levels, at the macro level with the analysis of the state of the art of fair trade as a niche in relation to the agri-food regime, and at the micro level, we applied open interviews to managers, youth, and women in 10 Mexican fair trade coffee organizations, including pioneers and recent ones. The current situation and the key elements of the niche that hinder further changes in the regime were identified by taking up the analogy of the waves in the development of coffee consumption. From the first to the third wave, the niche achieved an adequate quality of learning and inclusion of actors that strengthened it; however, in the fourth wave, the niche incorporated actors from the regime such as supermarkets and transnational companies to increase the volume of sales, but without achieving that these actors generated second order learning, nor shared the expectations of the founders of the niche and thus did not commit to achieving changes in the regime.

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Received: 24/03/2020. Approved: 12/10/2020.
Double blind review system
Scientific evaluator: Eduardo Cesar Silva
DOI: 10.48142/2220201610

RESUMEN

El objetivo del artículo fue analizar la trayectoria del nicho comercio justo frente al régimen de producción y comercialización de alimentos. Para el propósito se trabajó en paralelo en dos niveles, en el nivel macro con el análisis del estado del arte del comercio justo como nicho frente al régimen agroalimentario y en el nivel micro se aplicaron entrevistas abiertas a directivos, jóvenes y mujeres en 10 organizaciones cafetaleras de comercio justo mexicanas, que incluyo a pioneras y recientes. Se identificó la situación actual y los elementos clave del nicho que obstaculizan mayores cambios en el régimen retomando la analogía de las olas en el desarrollo del consumo del café. De la primera a la tercera ola, el nicho logró una adecuada calidad del aprendizaje e inclusión de actores que lo fortalecieron; sin embargo, en la cuarta ola, el nicho incorporó a actores del régimen como supermercados y compañías transnacionales para incrementar el volumen de ventas, pero sin lograr que estos actores generaran aprendizajes de segundo orden, ni compartieran las expectativas de los fundadores del nicho y con ello no se comprometieran a lograr cambios en el régimen.

Keywords: Small producer organizations; Fair trade; Organic production.

Palabras clave: Organizaciones de pequeños productores; Comercio justo; Producción orgánica.

1 INTRODUCTION

Fair trade is considered to be that which establishes a more direct relationship between producers and consumers, and which pays small producers a fair price for their work (COSCIONE, 2018; DOPPLER; GONZÁLEZ, 2007; RAYNOLDS; MURRAY; TAYLOR, 2004). From Van der Hoff's perspective (2011), fair trade is a proposal to establish rules that control the violence of the economy and the market. For which it is necessary to think about a different

functioning of the market, not only to introduce a social vision in it. As stated by Le Velly (2006) market exchanges are instituted social activities that are influenced and therefore can change due to elements such as experiences, symbols, cultural traditions, and world views. Fair trade works based on ten principles, one of which is the establishment of a minimum purchase price for products from producing families, which should consider not only their value in the market, but also their contribution to a dignified life for those families (DOHERTY; DAVIES; TRANCHELL, 2012).

According to Reinecke (2010) fair trade challenges the assumption of free choice in neoclassical economics because it questions how the value of goods should be calculated; as well as what should be valued of them and who values it; this generates political confrontation. Another principle is the provision of a social premium, which in many cases means 10% of the value of products and whose function is to provide resources for community development projects; a further principle is the development of relationships between buyers and producers based on trust and mutual respect (DOHERTY; DAVIES; TRANCHELL, 2012). These principles are part of a material rationality of the market, the study of which, according to Le Velly (2006), will make it possible to understand the institutional budgets, modes of organization, market results and shared representations that are decisive for the meaning and form of commercial exchanges.

Fair trade was built as a niche in front of the food production and commercialization regime based on the approach of Franz Van der Hoff, who defines himself as a worker priest who has worked for more than 30 years in the mountains of the Isthmus of Tehuantepec in Oaxaca, Mexico, together with small producers and food producers, such as the members of the Union of Indigenous Communities of the Isthmus Region (UCIRI) to generate opportunities to overcome the permanent crisis in which conventional market commercialization relations force them to live (VAN DER HOFF, 2011).

In Van der Hoff's thinking (2011) there was a need for a type of trade that would take into account the indigenous concept of solidarity, for whom this word expresses the social essence of a person within their collective and does not add to their individuality; this author thus speaks of the social solidarity economy. This idea is fully shared by Coscione (2018), who considers that the term fair trade (FT) should have included solidarity, which speaks of the intention of FT to establish a horizontal relationship of mutual respect between consumers and producers and not a relationship of charity that is humiliating because it is based on a relationship of the one who has and gives (to whom he has nothing). For this author, charity does not produce transformation; whereas solidarity with equity changes the state of things (*Ibid.*) According to Coscione (2018), Doppler and González (2007) and Le Velly (2006) this horizontal relationship of mutual respect and knowledge began to be lost when, in order to increase the volume of sales and therefore the number of people who satisfied their consumption needs under this modality and the number of people from the SPOs who sold their products in FT, the latter opened up to participation in market

order, such as sales in supermarkets and the inclusion of large transnational companies. Such participation put fair trade products in direct competition with others, disappearing the physical and symbolic demarcation established in the early stages of FT (LE VELLY, 2006) or diluting the application of FT principles by some actors, such as the transnational companies that joined the movement attracted by the increase in sales in this market niche, but without sharing the ethical values that gave rise to the fair trade niche (DOHERTY; DAVIES; TRANCHELL, 2012).

From the perspective of various authors such as Blanchet (2011), Doherty, Davies, Tranchell (2012) and Le Velly (2006) the fair trade niche, in its interaction with the conventional market regime has undergone transformations. For example, Doherty *et al.* (2012) mention that the long-term relationships of trust that should be developed between producers and importers have been ignored by the main retailers, a situation that has allowed corporations to seek suppliers whose costs are lower, thus commoditizing fair trade and providing less stability to SPOs. For Blanchet (2011) fair trade is a space of hybridization where producers, their SPOs, importers, retailers and consumers communicate and negotiate, but whose interaction has been marked by an unbalanced management of the power that importers, retailers and consumers in the north have over the SPOs in the south.

How can we ensure that this niche expands and that the regime of food production, distribution, marketing, and consumption is transformed with fairer relations and greater value appropriation by small producers and is not absorbed by the regime so as to only slightly modify its unequal functioning? This seems to be a problem that can be addressed by the niche-regime transition approach (INGRAM, 2018; INGRAM *et al.*, 2015; RAVEN; BOSCH; WETERINGS, 2007; SMITH, 2012; SMITH; VOß; GRIN, 2010) and particularly analyzed under the concepts of institutional inclusion and quality of learning, contents in strategic niche management and the processes of translation or communication niche-regime. Consequently, the article seeks to answer: What has been the institutional inclusion and quality of learning of the fair trade niche? and What are the key elements that contribute or hinder the niche to generate changes in the regime?

2 THEORETICAL FRAMEWORK

The challenge of sustainable development continues to be met through the study of transitions to more sustainable socio-technical systems (SMITH; VOß; GRIN, 2010). The analytical challenge is to understand the dynamic

interdependencies that occur in socio-technical systems and then use this knowledge to propose innovations that induce transitions to more sustainable systems. Socio-technical systems are shaped as regimes (or rules) composed of guiding principles, technologies, infrastructures, industrial structures, stakeholder relationships, markets, policies, regulations, knowledge base and cultural content that support the material, economic, social and cultural practices of society in the fulfillment of a social function (GEELS, 2002; INGRAM, 2018; SMITH, 2012; SMITH; VOß; GRIN, 2010), in this case, the production, distribution, marketing and consumption of food. During the functioning and evolution of the regime, internal tensions or contradictions or external pressures arise to shape new configurations of the regime or radical changes that create new regimes (INGRAM, 2018; SMITH; VOß; GRIN, 2010; RAVEN; BOSCH; WETERINGS, 2007). Such internal tensions, contradictions, or external pressures open windows of opportunity for alternative ideas that consider regimes to be under performing to emerge as niches competing within or outside the regime for attention and influence (SMITH; VOß; GRIN, 2010; RAVEN; BOSCH; WETERINGS, 2007).

Thus, a niche is integrated as a protected learning space for the construction of new configurations of the elements that make up a regime so that it functions in a different way. For example, the regime of food production, distribution, marketing and consumption should cease to function around productivity and maximum profit in order to seek greater sustainability and equity in the appropriation of value by small producers (INGRAM, 2018; SMITH, 2012). A niche can be the result of a process of consolidation of paradigms different from those present in the dominant socio-technical systems, but it can also be an alternative space where grassroots innovation movements develop innovations (INGRAM, 2018). The way the niche relates to the regime will allow the former to influence the practices, actors or guiding principles of the latter to achieve a more adequate functioning of the niche (from the perspective of the niche actors); or the regime to absorb the niche by making superficial changes in its functioning (SMITH, 2012; RAVEN; BOSCH; WETERINGS, 2007).

The form of relationship between the niche and the regime has been called translation and refers to the process by which the deliberate objectives of one actor are transferred and appropriated by other actors in the socio-technical systems (CALLON, 1986 citado por SMITH, 2012). The study of the processes of niche-regime translation has contributed to the understanding of the processes of connection that occur between the socio-technical practices, the actors, the knowledge, and the ideas of the niche towards the regime

and vice versa, based on which it has been possible to identify opportunities of translation for the niche to influence the transformation of the regime (SMITH, 2012).

According to Smith (2012) there are four types of translation: 1) foundational, when niches are built in opposition to regimes, so there is a very marked contrast between the two, making translation processes very difficult; 2) the principle of autonomy, which is very similar to the first one, since it was born because there were people who identified that changes were needed in the way the regime operated, although it involves a more diverse and professional variety of actors such as university instances, state funds for pilot programs and dissemination of lessons and learning, because their interaction with the regime is greater; 3) regulation, which is a key driver for the adoption of niche practices in the regime; however, this usually occurs in the absence of a general interest in change, so it incorporates actors who are not fully committed to the niche-regime transition or encourages changes that do not disrupt the regime in its central socio-technical dimensions; and 4) intermediate projects, which seek to instill in the regime some of the innovations generated in the niche, are opportunities to put into practice in the regime's conditions some of the niche socio-technical practices to identify how they function in the regime and thus be able to produce learning that expands the niche. Intermediate projects allow interaction between niche and regime actors, which opens the possibility of generating changes in the latter to turn them into allies in regime change.

The above-mentioned interdependencies have been studied by the strategic niche management approach that refers to the use of innovation experiments in protected areas to generate the bases for more efficient and effective transitions (RAVEN; BOSCH; WETERINGS, 2007). This approach focuses on the role of expectations, learning, and institutional inclusion in transition experiments; however, little effort has been made to develop a management perspective (*Ibid.*).

Strategic niche management addresses two processes, the quality of learning and the quality of institutional inclusion (KEMP *et al.*, 1998; HOOGMA *et al.*, 2002 citado por SMITH, 2012) (see Figure 1). The first refers to the types of learning that occur as actors enter the regime, this can be of first order, in relation to a niche's socio-technical practice or to the institutional or policy changes required to stimulate the subsequent development of the niche (INGRAM, 2018; SMITH, 2012). But they can also be of a second order that questions the values and assumptions that gave rise to the configuration of a given practice or reflects more deeply on the approach underlying that practice (SMITH, 2012).

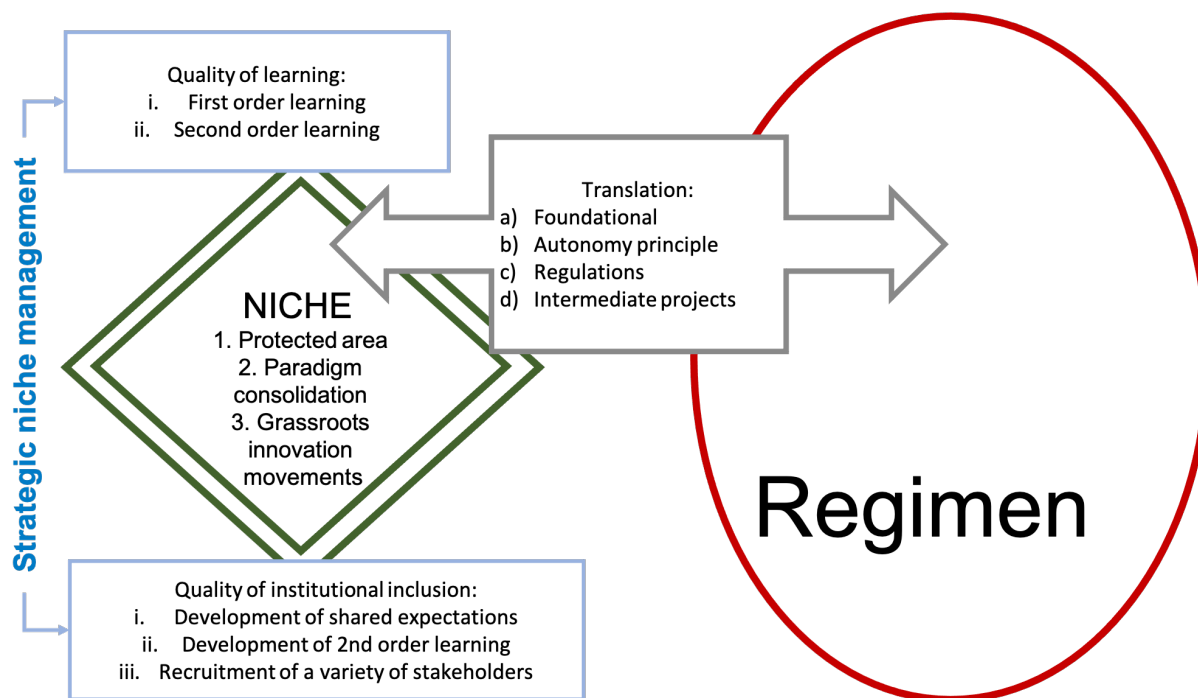


FIGURE 1 – Niche-regime approach for the analysis of fair trade as a sustainable transition niche

Source: own elaboration based on: Geels (2002); Ingram (2018); Raven, Bosch, Weterings (2007); Smith (2012) e Smith, Voß, Grin (2010)

On the other hand, the quality of institutional inclusion is related to the strength of the development of the niche; that is, how the different actors (producers and their organizations, as well as consumers, regulatory bodies, investors, public policy makers) form a network that supports the socio-technical practice of the niche. This is also true of the second-order lessons that the niche can generate in the institutional actors it incorporates, since these actors will have greater reasons and commitment to achieve changes in the regime (RAVEN; BOSCH; WETERINGS, 2007; SMITH, 2012).

3 METHODOLOGY

In qualitative research, procedures are used to organize information collection, analysis, and interpretation (HUBER; MARCELO, 1990; MARIÑO, 2006; RODRÍGUEZ, 2005; STRAUSS; CORBIN, 2002; TORRES, 2014). Specifically, this research worked with the method proposed by Huber and Marcelo (1990) for the analysis of qualitative data to answer the questions posed in the previous section. We worked on two levels of understanding the phenomenon being studied; a macro level, based on the review and analysis of several

documents that address the history and development of FT. This level allowed us to understand the evolution of this phenomenon through the main facts that have shaped its history and its relationship with the regime, the actors, the socio-technical practices, the knowledge, and the ideas that flow between them. This is how a general account of the phenomenon was constructed. This made it possible to identify how some elements of the niche-regime approach have behaved at each stage; information that was synthesized into a two-dimensional matrix (Table 1) that allows for the simultaneous provision of ordered information, which will help compare the behavior of the elements analyzed and thus increase the understanding of the connection processes that occur between the niche and the regime, and thus be able to identify opportunities for translation so that the niche influences the transformation of the regime and does not occur in the opposite way (HUBER; MARCELO, 1990).

The micro level was integrated by the qualitative analysis of own fieldwork information, achieved with the application of two semi-structured interview instruments, from September to November 2019. The first instrument was a semi-structured interview to which responded 29

managers from 10 small producer organizations (SPOs) that are members of the FT movement and located in the states of Veracruz, Oaxaca and Chiapas, Mexico. The second instrument involved 11 young people and 11 women from these 10 SPOs. The information from the interviews was processed using the program NVivo V. 11 to code the central units of meaning, structure them considering the elements previously indicated in the niche-regime approach and finally contrast them with the two-dimensional matrix developed at the macro level; all this following the work of Huber and Marcelo (1990); Mariño (2006); Strauss and Corbin (2002) and Torres (2014).

4 RESULTS AND DISCUSSION

In 1988 the first products were marketed under the Max Havelaar label in Dutch supermarkets (DOPPLER; GONZÁLEZ, 2007; RAYNOLDS; MURRAY; TAYLOR, 2004). Today just over half of European citizens mention that they know or have seen the Fairtrade label, according to the results of the 2011 GlobeScan survey (cited by COSCIONE, 2018).

A summary of the formation of the Fairtrade transition niche was prepared following Coscione (2018) who considers four waves for the development of the process described above. The first wave occurred before the sixties and consisted in selling handcrafted products from the

countries of the South in charitable associations in the United States and Europe; the second wave introduced a change that was to sell those handcrafted products in fair trade stores and remained until the end of the eighties of the last century; the third wave began when the Max Havelaar label was created in 1988 and lasted until the end of the last century; while the fourth wave began with the incorporation of transnationals into the fair trade system throughout the 21st century.

4.1 First wave

In the years following World War II, religious organizations in the United States began marketing crafts made by producers in Puerto Rico, Palestine, and Haiti (DÍAZ-PEDREGAL, 2006). The same thing happened in Europe, where Third World crafts were sold in charity associations, at church outlets, during Third World events, or in poorly located or uncomfortable stores, at prices above their value in the conventional market, and the purchase was essentially a gesture of benevolence towards the situation or cause embodied by the producer; an example of this was Sandinista coffee (DAVENPORT; LOW, 2013; LE VELLY, 2006). The few buyers were convinced of the relevance and importance of the projects supported because they shared the values of the regional charitable associations and that a fair price was paid to marginalized producers (LE VELLY, 2006).

TABLE 1 – Stages of FT and elements of the niche-regime approach

| Stage of FT | First wave | Second wave | Third wave | Fourth wave |
|------------------------------------|--|-------------|------------|-------------|
| Type of niche | Protected learning space The result of a process of consolidation of paradigms different from those present in the dominant socio-technical systems Alternative space where grassroots innovation movements develop novelties | | | |
| Type of translation | Foundational Principle of autonomy Regulations Intermediate projects | | | |
| Quality of learning | Types of learning that occur when niche actors join the regime: First order: technical, of the context of the actors, of the meanings that the participants in the niche assign to a socio-technical practice of the niche, of the types of environmental and social sustainability that are manifested in the niche, and of the institutional or policy changes that are required to stimulate the further development of the niche. Second order: it questions the values and assumptions that gave rise to the configuration of a given practice. | | | |
| Quality of institutional inclusion | Recruitment of a wide variety of actors and their social networks. Building strong expectations regarding regime change by niche practices. The success of the change is based on the second-order learning that is achieved in the recruited actors. | | | |

Source: own elaboration based on: Coscione (2018); Geels (2002); Ingram (2018); Raven, Bosch, Weterings (2007); Smith (2012) e Smith, Vob, Grin (2010)

4.2 Second wave

In 1974 the first Artisans du Monde store opened in Paris, France, which is considered the first FT store in that country and in 1981 the Fédération Artisans du Monde was founded, integrating the various stores that had this approach (DÍAZ-PEDREGAL, 2006; LE VELLY, 2006). These stores were and are associative and combined commercial sales with volunteer work. The stores were and are run by volunteers with the help of part-time or full-time employees (*Ibid.*). At first, they bought the products they sold in the stores directly from the groups of artisans or producers; however, in 1984 they created Solidar'Monde, as a central purchasing agency that buys from importers specialized in fair trade, who in turn buy from producers or artisans organized in small working groups or cooperatives in the developing world (LE VELLY, 2006). These intermediaries sought to establish lasting commercial relationships so that the debate would not only focus on products and prices, but much more on the development strategies of the producers (HIRSCHMAN, 1995 cited by LE VELLY, 2006).

The selection of producers at this stage of FT was made considering their democratic organization and respect for human rights at work, which respects a craft production, authenticity, and cultural traditions of these producers (LE VELLY, 2006). Through the Artisans du Monde stores, customers were encouraged to be aware of the situation of producer groups so that they could take it into account when buying their products; thus, the store was a pretext to link producers in the south with consumers in the north, with a mainly political, somewhat moral, and not only commercial objective (DÍAZ-PEDREGAL, 2006; LE VELLY, 2006).

4.3 Third wave: SPO's request for help from international NGOs to better sell their products and creation of the Max Havelaar label

In 1981, several missionaries from the Diocese of Tehuantepec, Oaxaca, including Franz Van der Hoff, after analyzing their problems with the people living in the communities of the Diocese, they decided to work to solve the low prices of coffee cultivation (MUÑOZ; FLORES, 2010).

In response to the above, the people with whom the Diocese was working decided to form the Union of Indigenous Communities of the Isthmus Region (UCIRI) as of 1983. Shortly thereafter, in 1986, Franz Van der Hoff contacted Nico Roozen of the Dutch Solidaridad (an international non-governmental organization) to make the first coffee exports under a fairer remuneration scheme for UCIRI producers (MUÑOZ; FLORES, 2010; RENARD, 1999).

In conjunction with this initiative, Simon Levelt (a Dutch coffee shop and roaster) and GEPA (a German company that promotes fair trade) bought their first coffee exports from UCIRI in 1987 (MUÑOZ; FLORES, 2010). This scheme evolved to build in 1988 a commercial bridge between consumers in northern countries and producers in the south that was called the Max Havelaar fair trade label; the catalysts of that construction were some European non-governmental organizations (NGOs) of international cooperation as Solidaridad (Renard, 1999) to promote a proposal to “control the violence of the economy and the market” (VAN DER HOFF, 2011, p. 13).

This fair trade experience was made possible by the inclusion of small, democratically organized producers in social enterprises, who were registered in the system and provided the new commercial relationship with very good quality products that also contributed to preserving the environment and socially allowed its members to improve their living conditions by appropriating greater value for their work (DOPPLER; GONZÁLEZ, 2007; LE VELLY, 2006; MUÑOZ E FLORES, 2010; RAYNOLDS; MURRAY; TAYLOR, 2004). In 2007, these producers consisted of approximately one million families and workers, grouped into 531 certified organizations in 50 countries in Africa, Asia, and Latin America (DOPPLER; GONZÁLEZ, 2007).

The food producers who are part of the SPOs, which in turn are part of the fairtrade system, had to generate strong learning processes both for the organic production of their coffee, and to learn how to interact with the export market, which implied the incorporation of mechanisms for efficiency, quality and conservation of natural resources; as well as developing management capacities; all while maintaining autonomy and collective participation in the setting that implies a rural and indigenous society in many cases (DOPPLER; GONZÁLEZ, 2007; MUÑOZ; FLORES, 2010; RAYNOLDS; MURRAY; TAYLOR, 2004).

The above learning was made possible by the collaborative and cooperative networks that were established among international NGOs, but especially among small-scale producer organizations in the countries of the South. Thus, for example, the Sociedad de Solidaridad Social Indígenas de la Sierra Madre de Motozintla San Isidro Labrador (ISMAM), founded in 1988, learned with UCIRI how to work with organic coffee cultivation, how to export it, and was part of the fairtrade system almost from the foundation of the system (MUÑOZ; FLORES, 2010; Interview 3). The same thing happened with Yeni Navan, a Oaxacan SPO, whose legal status dates to 1989,

but who had exported coffee to Germany through UCIRI for the previous five years (Interview 9).

Interviews conducted with 10 SPOs identified that this process occurred in three periods, the first took place from 1983 to 1992 when the three organizations mentioned above (UCIRI, ISMAM and Yeni Navan) were created, as well as the Sociedad de Producción Rural Unión de Ejidos y Comunidades San Fernando S. P. R. de R. L.; these organizations learned about organic coffee cultivation and joined the fair trade movement during that period. A second period lasted from 2000 to 2006 when three other organizations were created: Unión Regional de Pequeños Productores de Café del Centro de Huatusco; Productores de Café de Motozintla S. de S. S. (PROCAFEM) and the Coordinadora de Productores de la Zona Centro de Veracruz S. C. de R. L. de C. V. (CORPROVER), whose certification in the organic and FT production system occurred until 2012 and 2013. The last period passed from 2010 to date and were created Sierra Azul Gourmet Coffee S. C. (Sierra Azul); Integrator of Specialty Coffees of High Mountains S.A. de C.V. (INCAFESAM) and Unión de Campesinos Montaña Azul S. P. R. de R. L. (Montaña Azul) that were certified both in the organic production system and in the fairtrade system very quickly (Interviews 1, 2 and 10).

According to Raynolds, Murray, Taylor (2004) there are three elements on which the success of the participation of these organizations in the FT market depends, firstly, the prevailing political, economic and market conditions; secondly, the social and ecological resources of the producers and finally, the internal organization and external links of the group.

The SPOs interviewed identify as advantages of belonging to the FT system: the pressure that the collective can make, both within the system and in its local, regional and national context, and therefore the increase in their negotiation capacity, the stability in FT prices and the power to offer larger volumes of coffee (Interviews 1, 2, 3, 4, 5, 8, 10 and 11). However, problems are still identified in the communication of SPOs with grassroots producers, among other causes, because of the technical language used (DOPPLER; GONZÁLEZ, 2007); because of the lack of continuity in the representation process of the members of small producers' organizations that prevents them from following up on decision making and a more active participation of grassroots organizations in the system (*Ibid.* and Interview 11) and by the unequal understanding within organizations of the principles, objectives and benefits of FT; for example, these elements are clear to the people who

made up the boards of directors of SPOs, but not to the grassroots members of these organizations (*Ibid.*).

In this second wave, ethically minded consumers also joined in, seeking to increase the control of small farmers and disadvantaged workers over their own future and thus assume a political value in building a different kind of society (COSCIONE, 2018). To increase their numbers, national initiatives carried out activities to raise awareness, sensitize and reflect on another way of producing, marketing and consuming (*Ibid.*), achieving some success especially in Europe, where on average, about 56% of their members have often or occasionally seen the Fair Trade brand (GLOBESCAN, 2013 cited by COSCIONE, 2018).

In the case of ethical and responsible consumers, there are those who are not informed or interested in knowing more about who produces the goods they are buying, because by increasing the sales of the fairtrade system through the marketing of products in conventional markets such as supermarkets, these entities no longer worry about providing more information to the consumer about who they are buying from and how their choice of purchase is influencing them (COSCIONE, 2018). With this, this same author points out that some basic principles of fair trade are being left behind: "a) transparency in information to consumers; b) the search for product traceability, which differentiates [fair trade products from any commodity that is not known where it comes from] and c) the long-term relationship between producer and buyer [which represents the most important in a fair trade relationship]" (COSCIONE, 2018, pp. 23-24).

In the middle of both producers and buyers, it is possible to identify the roasters and importers, licensees of the label, who had to pay a minimum price and other surcharges because the Arabica coffee was washed, if it had an organic certificate; in addition to paying a social premium of five dollars per 100 pounds, which served to strengthen the investment of small producer organizations in collective social benefit projects and to pay in advance up to 60% of the harvest (DOPPLER; GONZÁLEZ, 2007; RAYNOLDS; MURRAY; TAYLOR, 2004). All of these conditions put these importers and roasters at a disadvantage compared to the large companies (the regime) that managed and still manage the global coffee business: Philip-Morris, which in 1998 dominated 25% of the global roast coffee sector; Nestle with 24% of the same sector; Procter and Gamle (7%) and Sara Lee (7%) (DOPPLER; GONZÁLEZ, 2007; GRABS; PONTE, 2019). In 2007 there were 667 registered traders, including importers, processors, and manufacturers from 50 countries in various regions of the world (DOPPLER; GONZÁLEZ, 2007).

These intermediaries carried out the import, processing, and market research operations (LE VELLY, 2006).

At the beginning of the process of creating the fair trade seal, the representatives of the registered organizations and the importers were brought together to establish long-lasting personal relationships that would deepen the levels of trust between the two. During the interview, a member of the board of directors of CORPROVER told how the buyers visited the coffee plantations of the SPOs, so that both types of actors had the opportunity to work together; in addition, the representatives of the SPOs had the opportunity to visit the establishments where their products were sold in the northern countries (Interview 1).

The connection between producers and importers was lost with the institutionalization of the niche; although access to the regime allowed bringing products with the FT label closer to a greater number of consumers and commercial establishments, as well as increasing the number of roasters that could participate in the system (RENARD, 1999), this incorporation of the niche into the regime depersonalized and dehumanized FT (COSCIONE, 2018; DOPPLER; GONZÁLEZ, 2007).

4.4 Fourth wave

In the first years of fair trade, producers and roasters and importers met from the solidarity networks where the system was created, generating trust between them on the compliance with the established rules; however, the promoters of the FT system faced the problem that the solidarity circuits did not provide enough volume to be marketed, which would allow the system to be a viable option for a significant number of producers. Therefore, they raised the need to take FT products to the large distribution circuits, the supermarkets where most of the European population makes their purchases (ROOZEN; VAN DER HOFF, 2002 citado por DOPPLER; GONZÁLEZ, 2007; LE VELLY, 2006; RENARD, 1999). Renard (1999) narrates the different alternatives that were considered by the promoters of the proposal until they decided to create the seal of fair trade in 1988 and open it to the participation of large companies who were attracted to the system by the accelerated increase in sales (DOPPLER; GONZÁLEZ, 2007).

The FT label should guarantee consumers that all actors involved in the process comply with generating a fair price for small producers, which is why it was necessary in 1997 to create institutional rules to generate trust, which made FT more impersonal for producer organizations (DOPPLER; GONZÁLEZ, 2007; RAYNOLDS;

MURRAY; TAYLOR, 2004). Thus, a bureau was created that brought together most of the national fair trade initiatives and was named Fairtrade Labeling Organizations (FLO-International), which is located in Bonn, Germany and represents the institutionalization of the niche (DÍAZ-PEDREGAL, 2006; DOPPLER; GONZÁLEZ, 2007; RAYNOLDS; MURRAY; TAYLOR, 2004). Flo-International is a non-profit association and is responsible for defining standards, financing, and direct liaison with producer countries (DOPPLER; GONZÁLEZ, 2007). In 2002, FLO-Cert was created as the company in charge of the certification and inspection process (*Ibid.*). Both of them make up a Board of Directors that reports to the FLO Partners Forum and the Assembly of Members, among which are the producer networks such as the Latin American and Caribbean Network of Fair Trade Small Producers and Workers (CLAC), created in 2004 and which currently groups 900 SPOs in 24 Latin American countries (*Ibid.* and CLAC, 2020) or the State Fair Trade Coordinator in Spain that was created in 1996.

For Blanchet (2006) the inclusion of some products in FT of companies such as Nestlé (DAVENPORT; LOW, 2013), which still work most of their products in conventional trade, presents contradictions in the functioning of the model, as it creates information asymmetries. How can the fairness of a product be assessed, if the company participates in both conventional and FT trade? For this author, most of the effort of the FT system falls on producers in the South, because to be registered by the label, producers must comply with a series of social, environmental, and economic criteria, a pressure that does not apply to buying companies, because they must only buy from registered producers, pay the fair price, develop long-term relationships and pre-finance producers (RAYNOLDS, 2012). For Díaz-Pedregal (2006) this stage of fair trade was characterized by a professional approach based on the standardization of criteria that opened the process to non-activist companies and organizations, which a priori were not concerned about the impact of conventional trade on marginalized producers. Certification modifies relationships in the FT chain by making them more impersonal, based on compliance with standards, causing tensions in the historical utopia of FT that seeks to promote understanding based on recognition and trust among the actors in the system (BLANCHET, 2006; DAVENPORT; LOW, 2013).

On the other hand, at the same time that the construction of the certification system took place, the specialized sector also survived, a name with which the evolution of fair trade stores is known. These stores consider that, although their sales volume is not significant, they do remain as an

alternative to the capitalist system (DAVENPORT; LOW, 2013; DÍAZ-PEDREGAL, 2006; LE VELLY, 2006).

4.5 Fair trade within the construction of sustainable niches

Fairtrade is a niche transition to sustainability because it comprises networks of real-world experiences that contain socio-technical practices that contribute to the conservation of the environment and the generation of more equitable relationships, as proposed by Smith, Voß, Grin (2010). It is expected that society's pressure for greater sustainability of socio-technical regimes will favor it and with it, increase its expansion (*Ibid.*). FT started as a niche protected by religious associations in the first wave and became a niche of paradigm consolidation, when NGOs related to these religious associations decided to professionalize the marketing of SPO products in the second wave (see Table 2). The niche was expanded when in the third wave the SPOs that were part of the alternative grassroots spaces were incorporated and in the fourth wave it was expanded again through a process of consolidation of paradigms by incorporating relevant actors of the regime into FT (see Table 2). This circumstance marks a difference with the niches studied by Smith (2012), that of ecological housing and organic food in England, which did not achieve major transformations on the regimes they opposed.

The types of translation that occurred in the transition process mentioned above ranged from the foundational, which occurred in the first wave, through the principle of autonomy in the second wave, to the intermediate projects and changes in regulations in the third and fourth waves (Table 2). According to Smith (2012), when the objectives set by the founding actors of the niche are appropriated by the regime's actors in the form of regulations, the opportunities for those regime actors to assume those objectives as their own and therefore commit to regime change are reduced, as occurred in the fourth wave with the incorporation of large corporations into FT. This is probably since the aspirations for deeper change in the regime, posed by the niche, such as the exchange of experiences, symbols, cultures and world views, as well as influencing areas such as social, cultural and legal exchange, as raised by Blanchet (2011), Van der Hoff (2011) and several authors, have not been as far as expected by the founding actors of the niche. In this sense, Smith (2012) also mentions that intermediate projects, as translation mechanisms, could help to solve this type of problems, since they allow the direct knowledge of the actors, which gives them the opportunity to build expectations and objectives more in line with the founding objective of the niche.

TABLE 2 – Stages of FT and analysis of the behavior of elements of the niche-regime approach in each stage

| FT wave | First wave | Second wave | Third wave | Fourth wave |
|----------------------------|--|---|---|--|
| Type of niche | Protected by religious associations | It is the result of a process of consolidation of paradigms different from those that are present, since international NGOs incorporated into their volunteer work, marketing scheme of products of SPO | Alternative space where the grassroots movements develop novelties; since the Max Havelaar label was created at the request of SPO to international NGOs to help them sell their products better. | Process of consolidation of different paradigms, as FT is taken to large marketing circuits and as transnationals are incorporated into this modality of trade |
| Type of translation | Foundational, product buyers and members of religious associations were convinced of the relevance and importance of the causes pursued by SPO members | Principle of autonomy because international and charitable NGOs identified that they should professionalize the sale of SPO products; as well as incorporate a more diverse and professional variety of actors. | Intermediate projects at the beginning of the stage began to sell SPO products in FT stores and it was identified that this volume was not sufficient to provide an outlet for SPO offerings. Regulations when designing and establishing a framework that regulates the operation of FT. | Regulations when the rules of the game were consolidated, allowing actors, producers, intermediaries and consumers to trust the system that had been consolidated with the formation of FLO Int. and Flo Cert. |

Continue...

TABLE 2 – Continuation

| FT wave | First wave | Second wave | Third wave | Fourth wave |
|---------------------|---|--|--|---|
| Quality of learning | <p>NGOs responsible for product sales: <u>1st order learning:</u> about contexts and meanings that niche participants assigned to socio-technical practices. <u>2nd order learning:</u> reflection on relevance and importance of supported projects</p> | <p>NGOs responsible for stores and SPOs: <u>2nd order learning:</u> by establishing lasting business relationships focused on trade contribution to SPO development strategies and not only on prices or product quality. Consumers: <u>1st order learning:</u> about contexts and meanings that SPOs gave to their lives to be partners.</p> | <p>SPO <u>1st order learning:</u> about sustainable production, democratic organization, quality production, interaction with market <u>2nd order learning:</u> when they taught other SPOs this learning and became aware of the need to control their development process and participate in the process of creating the FT market International aid NGOs: <u>1st order learning:</u> fairer trade bridge for SPO products <u>2nd order learning:</u> building the Max Havelaar fair trade label FT consumers: <u>1st order learning:</u> know context and meanings of socio-technical practices of SPO members. <u>2nd order learning:</u> among some consumers, importance of establishing long term relationships with SPOs to sustain impact of the FT system</p> | <p>SPO <u>1st order learning:</u> efficiency of work processes that allows them to be competitive in the market, preserving FT principles and participation in FT regulatory bodies. <u>2nd order learning:</u> do not exist but are needed for the construction of shared expectations and commitments among the actors of the regime in favor of the niche. International aid NGOs: <u>1st order learning:</u> FT approach to large distribution circuits. <u>2nd order learning:</u> do not exist, same as SPO Intermediaries: <u>1st order learning:</u> purchase of FT products by consumer demand <u>2nd order learning:</u> does not exist, certification does not oblige them to commit to FT objectives, nor have they assumed the objectives, nor the expectations of the niche. Consumers: <u>1st order learning:</u> consumption of organic, good quality products.</p> |
| | <p>The niche was not very solid, although there were shared expectations and second order learning, the incorporation of actors was reduced</p> | <p>There was a growth of the niche with the consolidation of expectations and commitments by NGOs and SPOs and the 2nd order learning that these actors achieved; although consumers were incorporated; they only had first order learning and were scarce, so the strength of the niche was still reduced.</p> | <p>The institutional inclusion achieved in this stage, in addition to the confluence of expectations and the second-order learning developed by international aid NGOs and SPOs, made the niche stronger and more robust. This process was supported by the incorporation of actors that provided technical, market, social and institutional support. However, first and second-order learning is still limited among consumers, which limited the growth of the niche.</p> | <p>Although the niche achieved the incorporation of important actors of the regime such as supermarket chains and multinationals, the lack of second-order learning by buyers, intermediaries and NGOs and SPOs that promote the construction of the FT niche to achieve the construction of shared expectations among SPOs, intermediaries and consumers is diminishing the capacity of the niche to change the regime and thus achieve the expansion of the former into the latter.</p> |

Source: own elaboration

The analysis of the quality of learning and the quality of institutional inclusion has identified that the niche has been consolidated by the incorporation of actors, such as NGOs responsible for product sales, SPOs, international aid NGOs and consumers; as well as the first and second order learning that these actors have generated and the construction of shared expectations in the first, second and third wave, as shown in Table 2. However, during the fourth wave, the quality of institutional inclusion has not been very fortunate in making the niche achieve changes in the regime by not achieving second-order learning in consumers and intermediaries and by not sharing the expectations of the SPOs for change, namely more ethical trade objectives that control the violence of the economy and the market. This can be explained by Raman, *et al.* (2000 quoted by SMITH, 2012) who says that the type of translation driven by regulations does not encourage second-order in-depth learning; since standards and codes are negotiated on the basis of what is judged to be a reasonable demand, given conventional socio-technical practices.

The same phenomenon that occurs in the organic food sector in England that Smith (2012) reported could be occurring in FT, that is, as the inclusion of actors that did not generate second order learning, nor shared the expectations of the founders of the niche, a new organic niche more in line with the original vision of the niche began to be produced, that is, FT stores or specialized sector.

This is a question that would be worth investigating further, what balance should be maintained between these two variables? Is it possible to identify the role that recruited institutional actors could play in the transition process between the niche and the regime, so that their inclusion is more strategic? Although, it is possible to identify needs for change that have emerged from the reflection processes of several of the founding actors of the FT niche. As mentioned by Ingram (2018) and Raven, Bosch, Weterings (2007) regimes hardly want to change.

5 CONCLUSIONS

The application of the niche-regime approach, particularly in relation to strategic niche management, has been useful to analyze how and why the transition process between the FT niche and the conventional food production and marketing regime has occurred. It was possible to identify important elements such as the types of translation that have occurred and their influence on the quality of learning and the inclusion of actors in the four

waves that have given life to the FT niche, until reaching the situation that currently prevails in this niche.

The analysis has also identified the importance of intermediate projects, which could complement regulations as translation mechanisms for building shared expectations and objectives among the actors recruited by the niche; as well as the need to generate second-order learning among these actors to achieve the transition between the FT niche and the regime of food production, distribution, marketing and consumption more in line with the thinking of the actors who founded the niche.

The influence of the FT niche on the regime described above has increased, leading to the recruitment of important actors within the regime; however, recruitment is not enough for these actors to commit to a change in the regime that benefits them widely; it is necessary to work with them in intermediate projects that allow them to generate second-order learning that will raise their awareness of the need for regime change and thus share the expectations of the other niche actors to work towards the necessary changes.

Much effort is still needed for the FT niche to achieve its aspirations for deeper change so that, as Van der Hoff puts it, the violence of the market economy, the ultimate aspiration of the FT niche, is brought under control.

6 ACKNOWLEDGEMENTS

To the partners and managers of the fair trade organizations in Mexico who shared their experiences and knowledge of the process they have followed and their expectations for the future.

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