The Politics of Fairtrade Sugar in Belize: Fairer for Whom?

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Executive Summary

From 2006, the guaranteed prices that the European Union (EU) paid to former British colonies for their sugar exports were first reduced and then abruptly ended. This system was known as the Sugar Protocol and its annulment has transformed the international sugar trade, especially for those African, Pacific and Caribbean countries who were part of the original agreement.

For Belize, the certification of their independent cane farmers by the Fairtrade Labelling Organisation was seen as one way to target ‘value added’ luxury markets instead of undifferentiated and more volatile bulk markets. An agreement was made with Tate & Lyle in 2008 under which the company would refine raw sugar from Belize and transfer a premium to cane farmers as a condition of using the Fairtrade label. At the time, this was the biggest Fairtrade commitment undertaken by any corporation in the world.

Based on fieldwork undertaken in Belize during 2010 and 2012 as part of a doctoral thesis on sugar industry adaptation, this report asks about the difference Fairtrade certification has made to the livelihoods of the 6,000 cane farmers.

Two areas have dominated the spending of the Fairtrade premium: environmental management in the field and basic service provision in the cane-growing communities. The Fairtrade organisation has had a strong influence in determining this agenda and has introduced new initiatives like a pest control systems and rehabilitation of education facilities. Yet cane farmers remain unconvinced that this is really benefitting them, as some of their costs have increased as a result of new agrochemical requirements and the community projects have not addressed their own immediate needs. Perhaps the greatest difference made by Fairtrade has been reform to the Belize Sugar Cane Farmers Association, which was briefly decertified for mismanagement of the Fairtrade premium, although again, some cane farmers still allege that self-serving interests are at work.

It is important to consider certification in context. Fairtrade certification in the Belizean sugar industry has allowed cane farmers, via their association, to ringfence a significant portion of the value of UK retail sugar. However, the Fairtrade premiums have not offset losses in the real price of raw sugar received by Belize, which have tumbled as a result of EU reform. Moreover, the cane farmers have become deeply dependent on one firm, American Sugar Refining, which bought Tate & Lyle’s sugar division and Belize Sugar Industries Ltd meaning that it now controls the mill and refinery both sides of the Atlantic.

In short, while Fairtrade brings benefits, they are insufficient in stabilising precarious livelihoods when understood in their broader economic context.
Introduction

From 2006, the guaranteed prices that the European Union (EU) paid to former British colonies for their sugar exports were first reduced and then abruptly ended. This system was known as the Sugar Protocol and its annulment has transformed the international sugar trade, especially for those African, Pacific and Caribbean countries who were part of the original agreement. The EU sugar reform has prompted multinational corporations growing and refining sugar to seek new business strategies, such as corporate consolidation and vertical integration. These changes are similar to those that occurred in the supply chain for coffee after the disintegration of the International Coffee Agreement in 1989. In this instance, a world glut caused a plunge in coffee prices and had a devastating effect on rural economies dependent on coffee bean production. Similarly for sugar, the world market here has also been punctuated by booms and busts. In a country like Belize, with thousands of people dependent on the export of sugar, this presented a daunting situation. Without access to stable and remunerative markets – a role which the EU traditionally served for countries like them – a reliance on volatile and typically low world prices awaited.

The European Union and World Market Compared (Real US$, 2005)

Source: World Bank Commodities Database
One of the major corporate developments in the global sugar industry has been the sale by the UK company Tate & Lyle of its sugar division to American Sugar Refining (ASR); the world’s largest refining company and a subsidiary of the Florida sugar empire built up by the Fanjul brothers. In turn, ASR then acquired a controlling stake in Belize Sugar Industries (BSI), the owner of the only sugar mill in Belize. This was notable since a few years prior to this, almost 6,000 independent cane farmers who work in Belize – grouped together by the Belize Sugar Cane Farmers Association (BSCFA) – had been certified by the Fairtrade Labelling Organisation. This high degree of multinational corporate control over the Fairtrade supply chain is something the report turns to later.

The certification itself meant that the raw sugar exported from Belize to the UK would be sold on the supermarket shelves under the Tate & Lyle brand (which was retained by ASR) but now with a Fairtrade logo attached. At the time, this was the biggest Fairtrade commitment undertaken by any corporation in the world and posited as a way for countries suffering the fallout of EU sugar reform to target ‘value added’ luxury markets instead of undifferentiated bulk markets (Agritrade 2008).

From the Belizean point of view, the benefit of this was to shore up a long-term supply arrangement with its biggest buyer whilst also allowing a Fairtrade premium of $60 a tonne to be sent back to the farmers to invest in agronomic and social projects. Together, these would hopefully mitigate the reduced and volatile market prices that country would now be exposed to (unlike other Fairtrade commodities, there is no minimum price set for Fairtrade sugar purchases, so there is still no protection from downward trends in this respect). From the point of view of the refiner, the switch to Fairtrade would similarly allow them to secure supplies of raw sugar, particularly important at a time when prices would become more volatile. They would also allow the Tate & Lyle brand to project itself in a more positive light – as seen in the Fairtrade advertising campaign which referred to the company as ‘Tate & Smile’ – and thereby appeal to customers as well as ‘greening’ the corporate image.

However, the strategy of using Fairtrade certification as a means of development has not been without its critics. In terms of its immediate livelihood impacts, Jaffee (2007) found in the coffee industry that while Fairtrade certification did have a positive income-effect for farmers, the overall benefits were slight given the rising costs that many faced at the same time. Considering development in the sense of a broader economic transformation, LeClair (2002) argued that Fairtrade “retards the diversification of production that is fundamentally necessary for the economic advancement of developing countries [and] promotes continued reliance on products that are arguably poor prospects in the long-run”. Finally, Fridell (2007) has questioned the inclusiveness of certification initiatives like Fairtrade, which are ultimately targeted at market niches, compared to state-governed price management regimes like international commodity agreements and national price floors. This also plays into the political consciousness attached to Fairtrade, which might be better seen as a form of middle-class conspicuous consumption steadily being co-opted by agri-food
corporations, rather than an expression of solidarity for the empowerment of Third World farmers (Fridell, 2007).

These criticisms pose a number of questions for this case: have Belizean cane farmers become locked into sugar instead of being helped out of it? What kind of politics has been forgone by pursuing an arrangement mapped out by multinational companies and NGOs? And who has benefitted from the introduction of Fairtrade in the Belizean sugar industry? Based on fieldwork undertaken in Belize during 2010 and 2012 as part of a doctoral thesis on sugar industry adaptation, this report seeks to address these questions.

**Fair Trade or Foul: Whose Perspective Matters?**

In assessing the merits of Fairtrade, it is important to disaggregate the Belizean sugar industry and consider the different groups and perspectives involved. First is the sugar mill, formerly owned by the worker-controlled Belize Sugar Industries, but now taken over by the multinational company ASR. When Fairtrade certification was first introduced in the Belize sugar industry in February 2008, the BSI’s then Chairman, Barry Newton, expressed concern that the premiums would not be invested in business improvements like machinery and training but instead in administration costs and new forms of subsidisation. In his words, this would not change the “dependency culture and operating dynamics of [the] cane farming sector” (Newton, 2008). The BSI’s own attempts to improve farmer competitiveness, however, have not been without their problems. In 2009, cane farmers reacted with hostility to the introduction of equipment to sample the sucrose content of the cane, which they believed would lower the prices they were paid by the sugar mill. In the ensuing protests, one farmer, Atanacio Gutierrez, was shot dead and others injured in clashes with police forces. As one cane farmer put it in an interview: “you don’t play with the daily bread of a farmer”.

The second group is the Belize Sugar Cane Farmers Association (BSCFA), whose functions include the provision of agrochemicals to members on credit/discounted prices and implementing practices to improve the production, harvest and delivery of sugar cane. It is this organisation which is certified by the Fairtrade Labelling Organisation and thus in control of managing the premiums. According to Mr Brown (pseudonym), a senior official of the BSCFA, Fairtrade was a “blessing for cane farmers”. He stated that with the premiums several beneficial programmes were undertaken, especially towards upgrading cane fields in order to improve cane quality and the livelihoods of the surrounding communities in the Sugar Belt. Yet the relationship between BSCFA and Fairtrade has not been smooth. Just over a year after the BSCFA was certified it was then suspended for a litany of non-compliances with the Fairtrade standard. These related to mismanagement of the premium – totalling almost US$4m in the first year – and a lack of accountability in the governing committees. The suspension has since been lifted following the creation of an Environmental Department and Projects
Department within BSCFA and most importantly, policies and procedures for payments. Certification should now run until February 2014.

Third, there are the cane farmers themselves. During fieldwork carried out in the country, it was noticeable that unlike the two parties above, cane farmers had little knowledge about Fairtrade. Most of them were only aware that when their sugar was sold abroad, it earned an extra amount in dollars that was a "prize" for them. From their perspective, these monies were supposed to serve as a price "top-up" and not for social programmes, which for some participants were seen a waste of money and time. The relationship with BSCFA is also important. In the beginning many cane farmers were against Fairtrade funding being used to pay for new vehicles and increased wages for staff of the BSCFA because the budget was well in excess of a million Belize dollars. In addition, many interviewees reported that they had seen the machineries of the BSCFA in plots that belong to farmers who serve in the association or their relatives; the machines in question were fixing feeder roads. That said, following the changes in BSCFA after they were decertified, a second spell of fieldwork in 2012 revealed that the cane farmers’ attitude toward the organisation and its handling of Fairtrade premiums had begun to change.

**Spending the Fairtrade Premium: Who Sets the Priorities?**

Two areas have dominated the spending of the Fairtrade premium: environmental management in the field and basic service provision in the cane-growing communities. The Fairtrade organisation has had a strong influence in determining this agenda. As stated by the BSCFA, “Fairtrade officials directed us in creating social programs. They gave us ideas and frankly said a larger percent of the premium should be dedicated to social programs” (Charles and Ortega, 2012). This has acted as a bulwark against control by local politicians, but also acted against the wishes of farmers. As the BSCFA went on to note, rather than the long-term projects advocated by Fairtrade, “farmers often want short-term, immediate benefits” (Charles and Ortega, 2012).

(1) Environmental Management

Addressing the environmental management in the sugar industry has been a focal point of Fairtrade certification. The receipt of the first premium payments in 2008 saw the immediate implementation of an ongoing project to distribute subsidised fertilizers. These are essential to increase cane quality and quantity, and many farmers are unable to afford them. However, gratitude for the fertilizer subsidy turned sour when farmers began to realise the conditions of the project. The issue was rooted in the formula that the BSCFA had set for allocation, namely, for every 45 tonnes of quota, a farmer would receive one sack of fertiliser. For many interviewees, this was considered insulting. Most of the cane farmers had a quota that ranged from 75 to 150 tonnes and therefore, receiving two to three sacks was like a “slap in the face” as one of them expressed. Moreover, it was evident that
the larger farmers with over 400 tonnes of quota were the ones receiving the most subsidies, which was held to be unfair to the majority. To make matters worse, interviewees noted that they were required in some instances to build new sheds for the storage of these agrochemicals and that the fertilizers and herbicides prescribed under the Fairtrade standards were more expensive than the ones they previously bought. Since the subsidised allocation was not enough to cover their needs, they had to buy additional amounts of inputs at an average extra cost of BZD$20 or more.

Perhaps anticipating this situation, efforts were undertaken after certification to reduce the demand for fertilizer. According to the BSCFA (2010, p. 11), intensive soil sampling analysis by experts from Cuba was done for the first time in the industry to provide “recommendations for fertilizers, soil maps and individual fields maps”. The Fairtrade Foundation (2012) said that this would provide information about the nutritional needs of the different soils and allow a more accurate targeting of fertilizer use to save money and protect soil fertility. However, due to some discrepancies in the report, the soil analysis programme was not expected to be fully completed until 2013, delaying the time during which farmers would be spending more than normal on agro-inputs (BSCFA, 2012).

Other environmental management projects funded by Fairtrade premiums have had greater success. One example initiative was a pesticide programme to control froghoppers – a small insect and agricultural pest that regularly infests cane fields, so called because of its ability to jump great distances. According to Mrs Pineda, Senior Officer at BSCFA’s Environmental Department, froghopper infestation has severely affected cane farmers to the point that some of them have lost up to 70 per cent of their crop in a given season. The initiative undertaken by her department includes controlling the infestation in the cane fields by using yellow bags and stickers as traps (see Figure below) and later using a biological control called Metarhizium Anesopilea. This biological control is not toxic to humans or the environment, thereby reducing the reliance on dangerous agrochemicals.

According to the Fairtrade Foundation (2012, p. 12), biological control measures have effectively provided impressive results therefore “instead of spraying crops affected by the froghopper beetle, the cane farmers now use cheaper, greener, preventative methods”.

The majority of the participants in this study were very grateful for the technical assistance and training that the BSCFA has provided them in eradicating the froghopper beetle. In Don Pepe’s case, for years he has been suffering losses in his crop due to the froghopper infestation and the BSCFA was unable to provide the extension services and the materials necessary to eradicate this pest; according to him, “if not for Fairtrade the BSCFA is useless to the farmer”.
Reaffirming the centrality of environmental management practices to Fairtrade, Mrs Pineda argued that as a result of certification there has been an aggressive campaign in promoting awareness on the proper use of agrochemicals and the handling and disposal of empty containers. To achieve these objectives, conferences have been held in the Sugar Belt where the cane farmers were engaged in interactive activities and discussions regarding the importance of maintaining Fairtrade standards. According to Mrs Pineda, the receipt of subsidised inputs are even made contingent by the BSCFA on cane farmers attending training seminars and receiving a certificate of completion. This may well have been introduced in response to the field audit by Fairtrade in 2009, which suggested that the vast majority of farmers were not applying the correct dosage of herbicides. The BSCFA has also used the local media to disseminate information as well as distributed pamphlets and posters as shown in the figure below. The BSCFA (2010) has argued that the awareness programme is important because:

[The] majority of farmers do not utilize the agrochemicals at the most effective time, result that the majority of agrochemicals are not actually utilized efficiently and will runoff into major rivers, creeks and even coastal areas. High amounts of nutrients in water ways cause a phenomenon known as eutrophication where the high amounts of nutrients cause algal blooms, subsequently causing a depletion of oxygen and resulting in fish kill (p. 18).

What we suggest is that as a result of Fairtrade, new mechanisms of monitoring and 'governmentality' have been introduced by BSCFA, consistent with the focus of Fairtrade on environmental management.
(2) Community Projects

The other area targeted through Fairtrade has been the ‘Social Programme’, designed to support community projects in the sugar cane growing areas, identified through needs assessment evaluation conducted with farmers but targeted at their local communities.

According to the BSCFA (2012) the Social Programme is comprised of five areas of intervention. The first deals with community development projects which include the “renovation of community centres, churches, health centres, donation of tractor mowers to have a cleaner and safer environment since the cleanliness keeps away vector and snakes” (BSCFA, 2012, p. 10). Infrastructure developments such as the rehabilitation of feeder roads are also part of these projects. Second is a social welfare project which deals specifically with providing monetary grants to the elderly and the disabled mainly to assist them with medical expenses. Third is an educational grant project which provides scholarships to needy students as well as assists in educational infrastructure; the latter involves the construction of “classrooms, recreational facilities/playgrounds, tuck-shops with feeding programmes, and fences that are needed for students to have a safe learning environment” (BSCFA, 2012, pp. 10). Fourth are grants to various religious denominations. Lastly, grants are made available for cultural groups and for sporting clubs.
In respect to these community projects, some cane farmers interviewed argued that fixing schools and providing scholarships to students is the responsibility of the government. Moreover, they noted that while projects have been undertaken in schools and health centres via Fairtrade, their size was minimal. It is worth noting here that there has been a drastic decline in the budget for the Social Programme through the Fairtrade scheme; in 2010 the allocated budget was BZD$500,000, but in 2012, this had halved to BZD$250,000 (BSCFA, 2010, 2012).

Other participants spoke actively against funding for small projects, specifically for income generating activities in the Sugar Belt. A cane farmer, Don Tilo, argued that small projects have always been a failure. As an example, he stated that for years, USAID promoted these types of intervention and these had failed. Moreover he argued that recently, under the Belize Rural Development Programme which is funded by the EU, the same types of projects have been promoted. Don Tilo asked rhetorically: “Where are the women that were baking cake, where are the women that were sewing? It is just a show…at the end they end up fighting and the group is discontinued”.

A different opinion on the social initiatives was provided by Don Felipe. According to him, there is a lot of favouritism when these projects are executed. He cited a specific example where three scholarships were granted to one family who were well off, compared to others in the community who were in need. The reason for these scholarships given to this family was because a family member was part of the directorship of the BSCFA.

Additional issues around the attempts to improve productivity were also raised by the farmers. After the removal of the core sampler discussed in the introduction, which was intended to make more transparent how much sucrose each farmer was producing, the BSCFA began an initiative to reduce the mud content in the cane instead. This involved changing the way in which the cane is transported by insisting that cane cutters now bundle the cane together before it is loaded onto the truck. The Fairtrade Foundation (2012, p. 10) have noted approvingly the efforts undertaken by the industry, with support from Fairtrade, that have resulted in a 30 per cent increase in levels of sugar extraction. However, farmers have argued that this requires extra wages to be paid to the cane cutter and which can offset any increases in revenue which may accrue from the efficiency gains in the mill.

Again, this shows Fairtrade to be a double-edge sword as labour costs reduce gains to farmers, in a similar manner to what Jaffee (2007) noted in the coffee industry. This is not to oppose higher wages for field workers, of course, but rather to highlight the fact that those at the bottom of the supply-chain rarely reap the benefits of upgrading in their entirety but must struggle amongst themselves for a share. In this regard, Shrek’s (2005, p. 24) claim is apposite: “Quality standards institutionalize unequal power relationships between different actors within a commodity chain… and remind producers that even in the Fair Trade system, they are still the least powerful actors in the chain”. The goals of Fairtrade are commendable, yet the actual implementation can put their intended
beneficiaries – the farmers – in a difficult situation, particularly if the broader economic structures in which they operate are not conducive to bottom-up growth.

**Fairtrade in Context: Bringing in the Bigger Picture**

There are two important developments in the sugar supply-chain to consider when assessing the ability of Fairtrade to transform the livelihoods of cane farmers in Belize: the change in ownership of the industry and its restructuring in the wake of EU sugar reform. As noted in the introduction, these two are related. When Tate & Lyle first announced its commitment to source Fairtrade, they stated that it would “help ensure a livelihood for farmers” by transferring millions of pounds worth of money from British consumers to Belizean farmers. Indeed, in its first year of operation the BSCFA received just under $4m worth of Fairtrade premiums. However, this must be seen against the background of changing terms of trade for the industry as a whole, which as a result of EU sugar reform, lost sales revenue worth over $10m in the first year alone (Richardson-Ngwenya and Richardson, forthcoming).

Indeed, Tate & Lyle itself acquiesced in this regulatory shift. In evidence taken by the UK government prior to reform, the company noted that while they wished to see “a remunerative price” be paid to Belize and other suppliers of raw sugar, their overriding concern was to ensure a ready supply of cane and large margins for refining. In short, when push came to shove, the company prioritized its own narrow commercial interests (Richardson-Ngwenya and Richardson, forthcoming). In addition, it should be noted that the Fairtrade commitment extends only to Tate & Lyle’s retail sugar range, which is sold directly to consumers. Retail sugar accounts for around 20 per cent of its UK business; the remainder is for industrial sugar, sold to food manufacturers for use in processed products and which is bought at lower prices from large-scale producers (i.e. through unfair-trade). In the case of sugar sourced from Cambodia, Tate & Lyle – and now American Sugar Refining – stand accused of trading in ‘blood sugar’ since this was produced on land recently grabbed from peasants.

American Sugar Refining has also been engaged in controversy in their takeover of Belize Sugar Industries. After BSI borrowed heavily to invest in a cogeneration energy project called BELCOGEN (which would generate electricity by burning cane residues), the Belizean government actively sought a buyer for the company to take on its $60m debts. After rejecting a demand from the BSCFA to takeover BSI, the government pushed through a parliamentary bill to provide ASR with major concessions, including a period of ten years relief from customs duties, excise duties and environmental taxes, and a 50 per cent reduction in stamp duty. As well as asking why the BSCFA were not offered similar incentives, critics of this deal also noted that ASR may use these concessions to invest in company-owned plantations in the country, which would slowly put cane farmers out of business (Belizean, 2012). Clearly such a move would cause tensions with the mission of Fairtrade to support the livelihoods of those same farmers.
Another consequence of the purchase by ASR of both the mill and refinery that Belizian farmers rely on, especially in a context of price deregulation in the EU, is greater control for ASR over the internal formation of prices for sugar cane (Agritrade, 2012). It is important not to lose sight of the fact that the Fairtrade premium is only that – a premium – and that if the price paid for sugar cane is insufficient to cover increasing costs, then Fairtrade will make much less of a difference than it might otherwise.

The graph below gives an indication of how small the premium is compared to the actual price paid for raw sugar (and also, the large slice kept by companies based in the UK).

**Value Pie for Belize’s Fairtrade Sugar, 2011**

- Raw sugar, £27,540,600
- Refining and retailing, £39,074,100
- Fairtrade premium, £2,586,300

The following assumptions were made: a bag of Tate & Lyle Fairtrade sugar retails in the UK at 0.99p per kg, raw sugar is imported from ACP countries at €454 per tonne (calculated 2011 year average from EU trade statistics) and Belize exports 69,900 tonnes of Fairtrade sugar (2010-2011 figure taken from Fairtrade Foundation, 2013). All currency exchange rates are 2011 year averages.

The other development referred to above was the restructuring planned by the government and other stakeholders in the wake of EU sugar reform. Again, this is a critical backdrop affecting the prospects of the country’s 6,000 cane farmers. The Belize Country Adaptation Strategy for the Sugar Industry 2006-2015 outlined various interventions geared towards increasing industry productivity and competitiveness; diversification within the sugar industry (including the expensive BELCOGEN project) as well as diversification of the agricultural base; socio-economic interventions; and projects for sustainable industry development. It appears to be the latter that has had most attention under the adaptation strategy in practice. For example, in order to increase efficiency in cane production, the strategy proposes to start a crop rehabilitation programme to include irrigation and drainage,
encourage mechanical harvesting and upgrading of agricultural equipment, activate the Belize Sugar Industry Research and Development Institute (SIRDI) and establish a revolving loan credit facility. The implementation of the overall strategy was estimated to cost BZD$280m, to be carried out using different sources of funding. These sources include the Government of Belize, BSI Ltd and the EU which was expected to contribute 40 per cent of the total estimate cost of the strategy through its Accompanying Measures for Sugar programme – ‘Aid for Trade’ funding which was allocated to African, Caribbean and Pacific countries which would suffer from the annulment by the EU of Sugar Protocol trade agreement (of which Belize was allocated around $60m).

However, the majority of the cane farmers interviewed declared that the Accompanying Measures for Sugar (AMS) has not impacted their livelihood at all. They were especially concerned about the prioritisation of the AMS funds for road building. It has been argued that the construction of roads is purely for politicians to gain political mileage in their constituencies (though it is worthwhile noting that one of the main roads that links Orange Walk Town and San Lazaro Village, currently being paved, has always been used in political promises by both parties). For example, one farmer was certain that politics was governing the choice and placement of roads because he had heard politicians boasting of the fact. This sentiment was shared by others, who noted that if roads were indeed the priority, then feeder roads that lead to their sugar farms should be upgraded rather than the ones actually commissioned.

It was only until recently that the revolving loan credit facility was launched. The credit facility will arguably assist cane famers – the interest rates on loans in the Sugar Belt are reportedly as high as 19 per cent. Access to finance has traditionally been difficult for famers. Many interviewees argued that the reason why their yields are low is because they cannot afford to apply the cycles of fertiliser that the sugar cane needs. Moreover, they cannot even afford to weed their fields regularly because labour is expensive.

Hopefully, now that they can have access to finance, and at a lower interest rate than that offered by commercial banks, they can rehabilitate their cane fields and increase yields. But the impact of this intervention is yet to be seen. A few farmers have benefited from the AMS through the grant and diversification projects which the La Inmaculada Credit Union Ltd and St. Francis Xavier Credit Union Ltd have been executing in the Sugar Belt. However, some farmers have also argued that, like some of the Fairtrade-funded projects, there is personalism and favouritism in distributing loans too. For example, Don Pascual mentioned that “it is not the needy that get the grants…it is the one who have connections with Mr. X from the credit union”.
Conclusion: Trade that’s Fairer for Whom?

Humphrey and Schmitz (2004, p. 349) have argued that the “upgrading opportunities [for] local enterprise are often structured by the relationships in the global value chains.” In this regard, Fairtrade certification in the Belizean sugar industry has allowed cane farmers, via their association, to capture and ringfence a significant portion of the value of UK retail sugar – although not necessarily to upgrade into functionally different parts of the international sugar supply-chain, such as milling. Moreover, this has to be seen in a context where the real price of raw sugar sold in the EU has tumbled and the Belizean industry as a whole has become deeply dependent on one firm, American Sugar Refining, which now controls the mill and refinery both sides of the Atlantic. This can thus be defined as a ‘captive supply chain’ in which ASR acts as lead firm, and, along with Fairtrade, provides a high degree of monitoring and explicit coordination in the chain (Gereffi et al., 2005).

This does not mean that Fairtrade has brought no change with it – far from it. The Fairtrade certification has prompted both agricultural and institutional change. In terms of agricultural change, after a difficult transition, the farmers are now using specific types of fertilizers which are suited for their specific soil so that the sugar cane has more sucrose content. In addition, through the replanting programme currently being implemented, specific varieties of sugar cane are being planted which are smut resistant and can withstand the changes in weather such as severe drought or rainfall. The pest control projects have also been successful.

In terms of institutional change, the biggest difference has come through reorganisation of the BSCFA. Engagement with the Fairtrade system – encouraged by the ‘sanction’ of decertification wielded in 2009 – has led to a professionalization of BSCFA, with the use of premium funds to hire professionals to guide planning and effective implementation of social and business projects cited as being of particular importance. However, questions remain as to why the BSCFA was certified in the first place in 2008 if they did not have the resources. The BSCFA (2010, p. 23) admitted that there “were weaknesses on environmental issues and mismanagement of FT funds at the Branch level due to the absence of proper policies and procedures” and that is why they were decertified. Was Fairtrade launched prematurely, at the behest of Tate & Lyle?

Although there are tangible benefits of Fairtrade, the cane farmers are still not convinced that the farming and managerial changes have actually translated into more income. Indeed, some cane farmers believe that because of the Fairtrade requirements, their costs of production have actually increased. Don Pepe argued that the benefits from Fairtrade cane be described as “robbing Peter to pay Paul”. The cost of fuel, fertiliser, herbicide and labour is high and so the “few [Fairtrade] benefits have a price tag that leaves us cane farmers in the same situation—busted (jodidos)”. In addition, the majority of interviewees believed that the community projects promoted through Fairtrade and paid for with the premium have done little and certainly not addressed the direct livelihood needs of farmers.
And despite reform to the BCSFA, alleged misuse of Fairtrade funds (over BZD$1m are allocated for the operations of the BSCFA annually, mostly for salaries and vehicles for its official and elected directors) as well as favouritism in the distribution of the premiums to contacts of BSCFA representatives does still persist (see also Setrini, 2011).

Farmers talk about increasing health problems, financial hardships, pulling their children out of school and even disruption in the family. For the majority of the cane farmers, life remains hard; there is no sense of well-being and empowerment. They are still vulnerable to economy-wide shocks which could be triggered by hurricanes, “recessions, market shifts, declining terms of trade, and commodity prices” (Bacon, 2004, p. 501). This supports Jaffee’s argument that while Fairtrade brings benefits, they are insufficient in stabilising precarious livelihoods when understood in its broader economic context.

References


About Ethical Sugar

This research was undertaken for Ethical Sugar, an NGO that seeks to enhance dialogue within the sugar-ethanol industry with a view to improving its social and environmental sustainability. Trade unions, companies, civil society activists and academics are all brought together as part of this dialogue, which allows Ethical Sugar to construct a more rounded vision of the different situations and positions that pertain in the industry.

About the Author

Julio Cesar Escalante finalized his doctoral thesis on February 2013 at the Centre for Development Studies, The University of Auckland, New Zealand. His thesis is entitled *Belizean Cañeros and King Sugar: Confronting the Juggernaut of the EU Sugar Reform* and explored how the denunciation of the 1975 ACP-EC Sugar Protocol affected cane farmers in northern Belize. Julio has a BSc in Business Administration from the former University College of Belize (2000) and an MA in Development Economics from the Catholic University of Santo Domingo in the Dominican Republic (2003). He has also been awarded a professional certificate in Rural Micro Enterprise Development by the National Institute of Rural Development in Hyderabad, India (2005). Julio is a career public servant at the Ministry of Economic Development where he serves as a Project Officer for the National Authorizing Office in Belize. He has previously published a case study on cane farmer disputes in Belize in Ethical Sugar’s Social Report 2011 on the Caribbean Basin, *Sweet Islands for a Sustainable Future*?
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