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*Feb2005*

# “NO ONE HELPED US BEFORE”:

# EXPLORING THE IMPACT OF FAIRTRADE CERTIFICATION ON THE SUGAR FARMERS OF FIJI

By

Amy Louise Child

A thesis submitted in fulfilment of the
requirements for the degree of
Master of Arts in Development Studies



School of Government, Development and
International Affairs
Faculty of Business and Economics
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July 2015

# DECLARATION

**Statement by Author**

I, Amy Louise Child, declare that this thesis is my own work and that, to the best of my knowledge, it contains no material previously published, or substantially overlapping with material submitted for the award of any other degree at any institution, except where due acknowledgment is made in the text.

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**Statement by Supervisor**

The research in this thesis was performed under my supervision and to my knowledge is the sole work of Ms. Amy Louise Child.

Signature: ..... Date: 29 January 2016

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# ABSTSRACT

Fiji's sugar industry faces significant challenges as a result of changes to trade with the European Union (EU), the expiration of land leases, aging infrastructure and equipment and lack of efficiency throughout the production chain. Production levels fell from a high of 4,380 tonnes in 1996 to a low of 1,778 tonnes in 2011, and were no longer sufficient to meet Fiji's quota with the EU. Production has started to recover since 2011. The producers on Vanua Levu became Fairtrade Certified in 2011, followed by producers in Viti Levu in 2012, creating producer cooperatives, providing financial premiums for farm inputs, social projects and professional support. This research investigates the impact of Fairtrade certification on producer livelihoods and changes to their experience as growers. It explores the ways that Fairtrade, as a development tool, can assist in reducing industry inefficiencies, improve farmers' power as industry stakeholders and revitalize this struggling industry. It further questions the extent to which Fairtrade may mitigate some of the negative effects of the free trade changes with the EU.

## LIST OF ACRONYMS

ACP – African Caribbean and Pacific States

AMSP – Accompanying Measures Sugar Protocol/ Accompanying Measures Support Program

CAP – Common Agricultural Agreement

CLAC - Coordinator of Fairtrade Latin America and the Caribbean

CSR – Colonial Sugar Refinery

EBA – Everything But Arms

EEC- European Economic Community

EU – European Union

FACT - Facilitating Agricultural Commodity Trade. A Project funded by the EU and implemented by SPC

FCU – Fairtrade Coordination Unit

FI – Fairtrade International

FLO – Fairtrade Labelling Organisation

FSC – Fiji Sugar Corporation

FTANZ – Fairtrade Australia and New Zealand

LCD – Least Developed Country

LCPA – Labasa Cane Producers' Association

LtCPA – Lautoka Cane Producers' Association

NAPP - Network of Asia and Pacific Producers

NFU – National Farmers Union

PMU – Project Management Unit

PPE – Personal protective equipment

RPCPA – Rarawai Penang Cane Producers' Association

SCGC – Sugarcane Growers Council

SCGF – Sugarcane Growers Fund

SIDS – Small Island Developing States

SPC – Secretariat of the Pacific Community

SPF – South Pacific Fertiliser

TCTS – Tonnes cane to tonnes sugar ratio. The amount of cane required to produce one tonne of sugar.

## CONTENTS

# Chapter 1: Introduction

*"We are the farmers, we want to know everything" – Lautoka Farmer*

## 1.1: Introduction

The sugar industry is a major contributor to the Fijian economy. Despite only producing 0.3% of the world's sugar (P. Lal & Rita, 2005, p. 21), it is one of Fiji's main exports, accounting for 8% of exports and 1.7% of GDP in 2013 (Fiji Sugar Corporation, 2015, p. 2), down from an average of 22% of exports and 8% of GDP in the mid 2000s (P. N. Lal, 2008, p. 1). It supports, directly and indirectly, between 25-30% of the working population (P. N. Lal, 2008, p. 1), and large regions of Fiji rely on the local economy generated by sugar. The industry has a complicated history and structure which have contributed to its decline between 1999 and 2010. The decline resulted from failings and inefficiencies at every level of the production chain and in the political and international trade spheres (P. Lal & Rita, 2005, p. 20; Mahadevan, 2009b, p. 5; Sugar Unit Office of the Prime Minister, 2011). The result has been plummeting sugar production, low levels of sugar extraction from cane lowering returns, large reductions in the number of farmers (Fiji Bureau of Statistics, 2012a), deteriorating and broken equipment and infrastructure (Mahadevan, 2009b, p. 92), large financial losses by the Fiji Sugar Corporation (FSC) (Fiji Sugar Corporation Limited, 2011, p. 3), failure to meet export quotas (Fiji Sugar Corporation, 2010, p. 16; Fiji Sugar Corporation Limited, 2011, p. 12), loss of confidence in the industry by stakeholders and predictions of its imminent collapse without significant and immediate intervention (P. N. Lal, 2008, p. xi).

At the farm end of the production chain, inefficiencies include limited access to credit, under-utilisation of inputs such as fertilisers and weedicides, limited planting of new cane resulting in less efficient aged re-grown (ratoon) cane, labour shortages, and burnt and un-harvested cane (P. N. Lal, 2008, pp. 14, 15, 19, 20). Some farms also grow cane on marginal land with poor soil, poor drainage and at great distances from mills, increasing the cost of production (P. Lal & Rita, 2005, p. 22; Mahadevan, 2009b, p. 83).

Poorly maintained transport infrastructure further increases costs and delays. All four mills are over 100 years old (Sugar Unit Office of the Prime Minister, 2011, p. 6) and, prior to their refurbishment between 2006 and 2010, suffered poor sugar extraction and regular breakdowns, causing queues of several days, and further contributing to cane degradation between harvest and milling (P. N. Lal, 2008, p. 65). The queue delays also reduced the time farmers could spend on their farms, delaying planting and further reducing productivity. The expiry and non-renewal of land leases reduced the number of active farms significantly, and reduced security for farmers with leases nearing expiry (P. Lal, Lim-Applegate, & Reddy, 2001). There were allegations of mismanagement of the mills and the FSC (P. N. Lal, 2008, p. 68), as well as allegations of negligence, extravagance, absence of financial discipline, sabotage and corruption (Fiji Labour Party, 2003; PINA, 2011).

Dynamics of the international trading system compound this pressure. The European Union has historically provided preferential terms of trade under the Sugar Protocol to 20 countries in the African, Caribbean and Pacific regions (ACP), as well as India. This preference has allowed Fijian sugar free access to EU markets (Fairtrade Foundation, 2015, p. 16). The European market is internally controlled with quotas, which limit the supply of domestic and imported sugar, and maintain a price two to three times higher than the world price (P. Lal & Rita, 2005, p. 18). This was established in the Sugar Protocol of the Lome Convention in 1975 (Mahler, 1981, p. 483; Serrano, 2007, p. 173). The arrangement has been challenged since its inception and, since 1980, there have been calls for the elimination of the Protocol (Mahler, 1981, p. 486). A World Trade Organisation (WTO) decision ruling in favour of countries without preferential access contributed to the case for trade liberalisation (Serrano, 2007, p. 170).

Re-negotiations of this system have already resulted in liberalisation of domestic production in the European sugar market, resulting in a price reduction of 36% by October 2009 (Bower, 2012, p. 7). The existing quota and preference system will be dismantled in 2017 (Fairtrade Foundation, 2015) and the price is anticipated to fall further as supply in the European market increases. Under the current negotiated terms, Fiji will maintain privileged tariff-free access to the European market. However, such access has been extended to other developing countries under the Everything But Arms initiative (EBA) (Richardson, 2009, pp. 9-11), and may also be

extended further to other countries currently paying tariffs, depending on the success of current petitions to that effect (News and Analysis, 2014b). The quota system manages sugar sold within the EU and prevents over-supply by capping the amount of sugar domestic producers can sell. Eliminating the quota will allow European producers to increase their domestic sales, increasing competition with countries exporting to the EU. This competition will increase further if other countries obtain tariff-free access.

It is this context in which the sugar industry of Fiji has been struggling. It must improve efficiencies to not only become profitable under existing circumstances, but to brace the industry for future price shocks and increased competition.

Tate and Lyle[1] Sugars Limited has become Fiji's sole international buyer of sugar. It has an interest in the continued viability of Fiji's sugar industry in order to limit the portion of tariffed sugar they require from elsewhere to run their EU-based refineries efficiently and remain cost-effective (News and Analysis, 2014b). It has used several mechanisms to support Fiji's sugar industry including providing financial and technical assistance to the mills. Tate and Lyle committed to selling 100% of their retail sugar under the Fairtrade brand and proposed to Fiji the value-added opportunity of growing Fairtrade sugar (Chaudhary, 2015c; Fiji Times, 2009)[2] (Bower, 2012, p. 11). Tate and Lyle are also petitioning the EU to abolish tariffs to other sugar producing countries to secure their own supply (PINA, 2013). It views the deregulation of quotas without full trade liberalisation as favouring domestic beet production as cane refiners become uncompetitive when importing cane from countries that pay tariffs (Tate and Lyle Sugars, 2015a).

Fairtrade is a market mechanism that challenges the assumptions of free market ideology while operating within the parameters of the conventional market system (Fairtrade International, 2014a). It reinstalls protections for producers through regulated prices and standards and provides producers with access to technical information and expertise. The Fairtrade model uses participatory development to

[1] Formerly a British based company, Tate and Lyle Sugars was bought by American Sugar Holdings (ASR Group) in 2010 (Tate and Lyle Sugars, 2015b).

[2] The establishment of Fairtrade in Vanua Levu was financially and technically supported by the EU's Project Management Unit (PMU), former FSC staff who were involved in the LCPA, and the EU funded FACT team within SPC (Bower, 2012, p. 9). Its process of establishment was thus independent from government, although it had initial government approval, with the PM launching the process (Labasa Cane Producers' Assocation, 2011, p. 10).

empower producers as agents, and combines this empowerment with regulatory practice to challenge unequal exchange which is prevalent in the conventional marketplace. It engages consumers as development partners to link trade to the development of producer communities which have been impoverished through unfair and extractive trade practices. Fairtrade views producers and consumers as partners in the trading system and attempts to redress the imbalance of power along the commodity chain (Fairtrade International, 2014a).

From a practical perspective, Fairtrade changes practices that undermine the safety and security of producers and their livelihoods. It provides funds for social, economic and environmental development – directed democratically by the farmers - and can include productivity support. In Fiji, the farmers were organised into three democratic associations in Fiji: a successful pilot project for Fairtrade saw the Labasa Cane Producers' Association (LCPA) become Fairtrade certified in 2011, followed by the Lautoka Cane Producers' Association (LtCPA) and the Rarawai Penang Cane Producers' Association (RPCPA) in 2012.

Despite the implementation of Fairtrade in Fiji, its activities and outcomes are not yet well known outside of sugar farming communities. The dominant narrative continues to focus on the precarious position of a faltering industry.

### 1.2: Purpose of the thesis

This thesis will examine the pressures on the Fijian sugar industry and investigate the actual and potential role of Fairtrade certification in resolving or mitigating some of the challenges, thereby securing and supporting farmers' livelihoods. As the industry is experiencing challenges at the farm, industry and trade levels, Fairtrade will be analysed as a development tool at each of these levels.

The following questions will guide the research:

1. What are the current pressures on farmers' livelihoods?
2. What impacts and changes are farmers experiencing under a Fairtrade model?
3. In what ways, if any, is Fairtrade effectively functioning as a development tool to assist with industry security through (a) reducing production

inefficiencies, and (b) improving farmers' negotiating power and agency within the industry?

4. In what ways, if any, can Fairtrade assist in providing farmers a secure trade environment within the current neoliberal framework?

This thesis is a social study seeking the perspectives of sugar producers. "Whose reality counts?" is the question titling Robert Chamber's 1997 book probing the flaws, failings and systemic oversights of previous development endeavours (Chambers, 1997). Producer perspectives are conspicuously few in the literature. Their inclusion, which is attempted here, is significant because it is often not the obvious, or the calculable, which causes development efforts to fail, but the oversight of everyday knowledge, experience, and exclusion of those who are most affected. For instance, a quantitative analysis of train versus lorry use for delivering sugarcane to the mill would not likely factor in the physical difficulty of shifting temporary tracks onto the farm by labourers, the skill involved to evenly stack cane on rail carts, or the farmers' anxiety that the cane weighed at the mill may be less than that stacked on the farm due to accidental cart tipping and cane falling. Such an analysis may balance the costs and benefits of each method, or the number of farmers choosing each method, but may overlook the pressure exerted by labourers to switch to the physically easier lorry work, the difficulty in training and the stress of uncertainty that each individual farmer would face in making their decision.

This view has contributed to the rise of participatory development approaches, including Fairtrade. Attempts to revitalise the industry need to question what the direct impact will be for the farmers, by asking the farmers, or risk missing the point entirely.

The Fairtrade model challenges inequitable power distribution at both the international trade level and the local industry level. This thesis will use unequal exchange and participatory development theory to investigate Fairtrade's role in challenging or mitigating the effects of the unequal trade relationship between the EU and Fiji. It will then draw parallels with the unequal power division at the industry level and investigate the role of Fairtrade in empowering participants at multiple points along the commodity chain. The investigation is situated within a postcolonial context, acknowledging the historical roots of the current inequitable

system of exchange, exploitation and extraction, which continues to threaten farmer livelihoods today.

Participatory development seeks to engage the people who are the targets of development and enable to them to gain ownership over their own development. The theory acknowledges the vast local knowledge and insight of development subjects, and their ability to recognise the challenges and opportunities they face. Participatory development promotes partnerships between development subjects and professionals to create sustainable local development. Unequal exchange is a set of theories which challenge the inherent and systemic disadvantaging of less powerful parties within international trade, continuing extractive and exploitative practices. Unequal exchange explains how, in a system of ostensible equality such as the conventional "free" market, powerful parties continue to be enriched while less powerful parties continue to be impoverished and indebted.

While the aim is to investigate Fairtrade specifically, the industry is complex and multifaceted. No one event, actor or intervention can be held responsible for its decline or, similarly, for its recent improvements. This study into the impact of Fairtrade on farmer livelihoods recognises this and will consider the contributions made by Fairtrade towards identified improvements, rather than presuming complete responsibility. Such contributions are difficult to quantify on the basis that the impacts are both tangible and intangible, made in a wider context and with diffuse effects (Nelson & Pound, 2009, p. 3). Attempts to quantify the extent of responsibility for each outcome would ignore the interconnectedness of the actors and decisions and would fail to recognise that the outcomes are more than the sum of the parts.

This thesis is not a cost-benefit analysis of Fairtrade in Fiji's sugar industry, like that conducted by Jonathan Bower on behalf of the Secretariat of the Pacific Community (SPC) for the Labasa region (Bower, 2012). Nor is it an economic assessment of the Fijian sugar industry. While economic information is useful to track statistical improvements in the industry, this information will be drawn on only as supporting evidence. This study accepts the findings of the model studies that the sugar industry in Fiji is facing threats to its viability. It will not attempt to quantify in dollar terms the impact of Fairtrade, but rather illuminate the experiences of farmers with

Fairtrade and their views of its potential impacts on their livelihoods and the industry.

Contextual and situational detail are important in qualitative research. The industry rests on the shoulders of farmers who may have limited access to industry information, and limited capacity to understand it. Improved trade conditions and production efficiency are irrelevant if farmers do not perceive an improvement in their own lives and wellbeing and accordingly decide to limit their productivity or leave the industry. Farmers' perspectives must be included in the conversation about the current state and future of the industry, and the recently implemented Fairtrade model is one possible mechanism for this engagement. This study is a social critique of the context in which Fairtrade is operating, and Fiji is trading, informed by the collected perspectives of a selection of sugarcane farmers in Fiji.

### 1.3: Researcher background and significance of the study

As a researcher, my interest in Fairtrade has grown from an interest in social justice generally. My previous literature-based research into Fairtrade has shown the positive impacts as well as shortcomings and difficulties. Nonetheless I saw Fairtrade as a well-considered achievable means to relieve poverty among producers of primary products who continue to be disadvantaged though an inherently exploitative global system of unequal exchange. As a recent resident of Fiji I was interested to find whether Fairtrade could play a role in improving producer wellbeing in the agricultural sector. My preliminary research found that, though it is not well known and not well advertised, Fairtrade had already been established and appeared to be having initial success. This shifted the focus of my research to questioning what impact it was having, and what opportunities it could bring to Fiji.

I learned that Fairtrade had been suggested by Fiji's sole export buyer, Tate and Lyle, and entered the fieldwork with concerns that the model may have been co-opted for corporate interests and that the producers may be being viewed as secondary. I was concerned that producers would have limited or no knowledge of Fairtrade and may be unaware that they were even certified. I was further concerned that as a foreign researcher with only English language competency, I might be

viewed with hostility; as an extractive, appropriating force. My experience in the field, which informs this thesis, relieved me of my concerns as I was shown, with some force and much support, the positive role of Fairtrade in farmer's lives. I was also welcomed by people eager to share their stories and who saw me as their opportunity to be heard. It is my pleasure to add their voices to the literature.

This research is significant because of the rapidly changing circumstances in Fiji's sugar industry. There has only been one comprehensive study of sugar in Fiji completed since the establishment of Fairtrade, and this study was confined to the Labasa region and excluded information that could not be easily quantified. As such there is currently a dearth of qualitative research on the Fijian sugar industry since the establishment of Fairtrade and the recent industry improvements. There is also a lack of research specifically on Fairtrade sugar in Fiji. This study offers current information which may be used to inform policy at multiple levels, including the Fairtrade Associations, other industry bodies such as the FSC and the SCGC, and the Government.

### 1.4: Methodology

The research included a four week period of qualitative interviews with 89 participants; 46 in Labasa and 43 in Lautoka. The majority of participants were farmers, and included farmers who were also delegates and board members of the Associations. An FSC and Sugar Cane Growers Council (SCGC) representative was interviewed in each region. The Labasa FSC representative worked in the Field Office of the Labasa Mill and had regular interactions with farmers. The Lautoka FSC representative was a General Manager. The SCGC representative in Labasa was an Executive Officer and the Lautoka representative was the Chief Executive Officer. The Labasa SCGC office shares a building with the LCPA.

While there are multiple industry-level stakeholders, this research is focusing on the Fiji Sugar Corporation, the Labasa and Lautoka Cane Producer Associations and their farmer members. Other stakeholders are acknowledged but there is less emphasis on the roles of the SCGC, the Sugar Cane Growers Fund (SCGF), iTaukei Land Trust Board (TLTB) and South Pacific Fertilizers (SPF).

The fieldwork consisted of two weeks in Labasa followed by two weeks in Lautoka in January 2015. The two locations were chosen to allow for a comparison between two independently operated associations, and also to allow for comparison between the pilot project and a more recently established association. The two locations had a variety of common and diverging factors which were expected to contribute to different themes arising in participants' responses. For instance, Lautoka participants have greater access to urban resources than Labasa participants. This may contribute to a divergence in outlook for the industry between the two groups.

Due to the language limitations of the primary researcher, three English-Hindi translator-facilitators were sought. The translators were all students of the University of the South Pacific. The two Labasa-based translators came from sugar-farming families and held industry knowledge, the Lautoka translator did not come from a farming family. The level of translation depended on the participant. In some instances, both the questions and answers were translated, sometimes the participant understood the English questions and responded in Hindi, and some interviews were conducted primarily in English with little or no assistance. The interviews with iTaukei participants were conducted in both English and Hindi.

Participants were identified during the fieldwork. My translators and I travelled to a new area each day and visited farms at random to ask whether residents were interested in being interviewed, which met with a very high rate of agreement. Participants were disproportionately Indo-Fijian men, though several iTaukei and female farmers were also interviewed. The proportion of iTaukei and women in the sample population of respondents is lower than the actual participation rates of iTaukei and women farmers in the industry; however it does demonstrate the disparity within the industry. In Labasa, some participants were sought through family connections to the translators, though there is no apparent divergence of response from the majority of farms selected at random. In Lautoka all participants were selected at random.

While in Labasa I attended a meeting of the LCPA's Community Development Project Committee and witnessed the process for directing social premium spending on projects. At the meeting, I interviewed two Board members who are elected representatives of farmers and also farmers themselves.

The interviews consisted of a variety of open-ended questions centring around the changes in the industry over time and since the implementation of Fairtrade, assistance and possible improvements, productivity, labour and inputs, communication and representation, their views on social projects and use of funds, new opportunities, prices and the future. Interviews lasted between 30-90 minutes. Participants' responses directed the order of questioning and the time spent on individual topics and therefore not all topics were covered in every interview. Farmers could volunteer information that they felt was important or interesting and this resulted in a range of additional information, leading to additional questions and dynamic interviews. This method highlighted issues facing the farmers that are not present, or not explicit, in the literature.

The interviews were recorded with the participants' permission. The responses were analysed using a comparative method: answers to individual questions were compared to establish themes, with consideration being given to the area and personal position of the participant. Themes in individual question categories were compared to each other to establish correlating themes across categories. The themes drawn from this comparative method were then investigated using the in-depth responses provided in order to give a rich analysis.

Prior to fieldwork, a literature review was conducted. The literature review highlighted the minimal work that has been completed on Fairtrade in Fiji. Most information relating to Fairtrade in Fiji was found in news media. Annual reports and the Industry Strategic Action Plan were also sought directly from the Fairtrade Associations and the FSC. The literature review included economic studies of Fiji's sugar industry that were conducted prior to the introduction of Fairtrade certification. The literature review focused also on the changing trade environment and complications with the EU, as well as the history of the sugar industry in Fiji. The findings of the literature review will be elaborated in *Chapter 2*.

This field research focuses on the Labasa and Lautoka Cane Producers' Associations and their relationships with key stakeholders, including the FSC and the Sugar Cane Growers Council (SCGC).

## 1.5: Structure of the Thesis

### Chapter 2: Background, a Snapshot of Global Trade, the Fijian Sugar Industry and the Fairtrade Model

*Chapter 2* explores the context of sugar in Fiji, the trade of sugar internationally, what Fairtrade is and how it is organised in Fiji. It opens with a discussion of the postcolonial context of trade between developing and developed countries. It explores the various agreements and protocols that have shaped the trading environment for sugar, paying particular attention to the relationship between Fiji, Britain and the EU. The section explains Fiji's preferential access to the European sugar market and the current restructure, which will diminish preferential terms.

The chapter summarises the history of sugar in Fiji, and explores the contextual factors that contributed to the rapid decline of the industry. It includes discussion on the relationship between farmers and the FSC, the deteriorating industry infrastructure and the insecurities farmers face with expiring land leases, uncertain prices, rising costs and increasing debt. It also discusses the rising costs of farming inputs and the difficulties in securing labour.

The chapter then introduces Fairtrade, summarising the history, purpose and objectives of the model and its introduction to Fiji, and the structure of Fiji's Fairtrade-certified Cane Producers' Associations. The section will highlight the impacts of Fairtrade identified by other studies. It will also discuss Fairtrade as a participatory development model and potential democratic tool.

This chapter addresses the research question: "What are the current pressures on farmers' livelihoods?"

### Chapter 3: A Critique of the European Shift from Preference, its Impacts on Fiji and a Fairtrade Perspective

*Chapter 3* analyses in greater depth the liberalisation of the European sugar market and the removal of preference prices for Fiji. It challenges the conflation of trade and aid, positioning this notion as a remnant of colonial dominance that recreates the historical unequal relationship within the current confines of neoliberal discourse. The decision to end preference, and the effects of its removal, continue to benefit developed countries at the expense of developing ones. Fairtrade's model of

sustainable trade working in conjunction with, but separate from, targeted development assistance will be presented as an alternative. Fairtrade is presented as a challenge to the unequal power in the trade relationship, and some mechanisms that could potentially increase Fiji's comparative power will be explored.

The EU's power is apparent throughout; in the decision to restructure the industry, in the decision to withhold financial assistance for the transition, and in negotiating the Economic Partnership Agreement (EPA). Tate and Lyle, in their monopsony position, also holds disparate power when negotiating contracts.

The chapter discusses the effect that these power disparities have on the opportunities available to Fiji, and to the other parties in the international sphere. In matters of diversification and seeking comparative advantage the power disparity impacts both Fiji and the EU. The power disparity with the buyer affects Fiji's ability to seek alternative markets and negotiate terms in both regular and Fairtrade contracts.

Using this information this chapter addresses the research question: "In what ways, if any, can Fairtrade assist in providing farmers a secure trade environment within the current neoliberal framework?"

**Chapter 4: Productivity-focused Fairtrade Assistance and Outcomes for Sugar Farmers in the Labasa and Lautoka Cane Producer Associations**

*Chapter 4* discusses the fieldwork results relating to direct assistance provided by Fairtrade for the purpose of improving productivity. It will begin by comparing the financial capacity of the Labasa Cane Producers' Association (LCPA) with the Lautoka Cane Producers' Association (LtCPA) to demonstrate the different contexts. The chapter addresses farm-level productivity concerns and inefficiencies that the Fairtrade Associations are seeking to mitigate in order to secure the farms and farmers' livelihoods. The chapter also explores farmers' views on meeting Fairtrade requirements in order to receive assistance.

The chapter outlines farmers' general perspectives on Fairtrade assistance, before individually discussing key forms of assistance and the ways in which each contributes to productivity. It discusses farmers' views on productivity impacts

experienced since the inception of Fairtrade and ends with an outline of additional areas of concern that farmers want addressed.

Using this information, the chapter addresses the research questions "In what ways, if any, is Fairtrade effectively functioning as a development tool to assist with industry security through reducing production inefficiencies?" and "What impacts and changes are farmers experiencing under a Fairtrade model?"

**Chapter 5: Indirect Fairtrade Outcomes for Sugar Farmers in the Labasa and Lautoka Cane Producers' Associations**

*Chapter 5* continues analysing the results of the fieldwork and focuses on the indirect outcomes farmers experienced from participating in the model. It begins by analysing the relationships between stakeholders and discusses the role Fairtrade may play in improving farmers' position and representation within the industry. It then discusses farmers' perspectives of, and confidence in, this representation, how it relates to farmers' access to information and their confidence in their elected delegate. This highlights power relations within the industry in order to further analyse the potential of Fairtrade to empower farmers as participants in the joint endeavour of rejuvenating the industry.

The chapter also discusses the community level projects that Fairtrade supports and the impacts these have on farming communities. It discusses farmers' relationships to one another, their sense of community, and the internalisation of industry narratives regarding their work. The chapter ends with a discussion of farmers' confidence in Fairtrade and in the future of the industry.

Using this information, this chapter addresses the research questions "what impacts and changes do they experience under a Fairtrade model?" and "In what ways, if any, can Fairtrade be used as a development tool to assist with industry security through improving farmers' negotiating power and agency within the industry?"

**Chapter 6: Conclusion**

*Chapter 6* is the concluding chapter of this thesis, summarising the overall findings as they relate to the research questions. It makes concluding comments on the role of

Fairtrade in contributing to improved trade opportunities, and the direct and indirect outcomes for farmers of participating in the model in Fiji.

The chapter offers some suggestions of ways in which the model could be improved within the Fijian context, drawn from feedback from farmer participants.

## Chapter 2: Background, a Snapshot of Global Trade, the Fijian Sugar Industry and the Fairtrade Model

*"But the issue is, I'm a Fijian and I don't want this sugar industry to decline, its very important, its very important for the community, for employment for the youths of tomorrow." – Lautoka Cane Farmer*

### 2.1: Introduction

In order to understand the impact of Fairtrade on the Fijian sugar industry, we must situate this study in the current context of trade relationships, as well as the Fairtrade system itself. Current industry difficulties and trade relations are products of history and each will be discussed in this chapter. Fairtrade and its place in Fiji will also be introduced.

Within the global trade context colonialism and neoliberalism construct and maintain unequal exchange structures. This system and the restructure of the EU sugar market directly impact on Fiji's sugar industry. Various factors throughout the production chain contributed to the recent rapid decline of the industry between 1999 and 2010. Each of these factors, from the farms and mills, to the policy and trade levels, need to be addressed in order for farms to thrive, and for farmers' livelihoods to be secured.

Fairtrade operates as a challenge to the conventional market by acting within and against it to reject exploitative practices within the system, while demonstrating the viability of regulated industries (Shreck, 2005, pp. 17-18). It operates at multiple points along the commodity chain, working to empower producers in relation to trade partners which, in Fiji, includes industry stakeholders. It also makes available financial resources for producer-directed investment in farm and community development in the form of the "social premium" (Fairtrade International, 2014a). Identifying factors contributing to the industry decline and insecurity along the commodity chain may illuminate spaces in which Fairtrade assistance may be beneficially utilised.

## 2.2: Global trade in context – a postcolonial and neoliberal critique

Fiji, like other "postcolonial" countries, is positioned within a global system constructed over centuries of unequal power relationships (Lines, 2008, pp. 31-32). The system is an inherently violent one, where the powerful leverage their interests to the detriment of others (Lines, 2008, pp. 34-35). Participation in this system for many developing countries is not by choice, but for survival. Rich countries developed through a history of taking value far above what they returned and using that surplus to ensure stability and wealth in their own countries, while suppressing resistance in the colonies with the lingering threat of violence both physical and structural: the threat of impoverishment. Choosing participation is choosing exploitation; opting out is choosing destitution.

The supply points established in multiple countries under colonialism contribute to depressing the value of primary goods today. This remnant colonial structure encourages oversupply through competition between producers in developing countries for access to limited export markets, exacerbated under export-oriented neoliberal policies (Lines, 2008, pp. 39, 48; Mahler, 1981, p. 479). Furthermore the concentration of primary goods production in developing countries, and value-added goods in developed ones (Lines, 2008, pp. 38, 49), promotes unequal exchange in the value of goods traded between them, continuing the extraction of wealth from developing countries (Seabrook, 2007, p. 72). This competition limits producing countries' negotiating power as developed country importers can demand favourable terms of trade on the threat of buying their goods elsewhere. These consequences of colonial structures persist, despite formal independence of former colonies. For example, Fiji manufactures raw sugar a primary good, but does not have refinery infrastructure. Instead, Fijian raw sugar is sold to Tate and Lyle, which refines and sells it in the EU.[3] Despite growing sugarcane, Fijian consumers of refined sugar must import the value-added product from companies based in developed countries.

Proponents of neoliberalism, which has risen to prominence since the 1980s and commands adherence to free market competition, exploit this artificially created market to justify ongoing suppressed prices. The core tenets of neoliberalism –

[3] Fiji currently has guaranteed access for 220,000 tonnes of raw sugar to the EU (Fiji Sugar Corporation, 2015, p. 9).

privatisation, liberalisation and deregulation – recreate these inequitable conditions while ideologically wiping the slate clean. Ostensibly a clean break from the past, neoliberalism recasts trade relations in a postcolonial framework in which all actors are equally working towards growth (Seabrook, 2007, pp. 63-70). However, this obfuscates structural inequality and any claim to it is dismissed as clinging to an irrelevant past in the face of contemporary facts, or simply ignored (Connell & Soutar, 2007). The appeal to an unbiased market, exchanging like for like, obscures the hand on the scale.

In this context, poor countries are blamed for their plight since they should seek their own comparative advantage and not produce unprofitable goods; if a commodity is not competitive in the market, then the resources should be redeployed. Low prices are seen, not as the result of historical structures and constrained opportunities, but as the inevitable result of poor business decisions. Efficiency and diversification are therefore emphasised in arguments for the restructure of the European sugar market (Chaplin & Matthews, 2005), with little regard for its likely detrimental impacts on Fiji's, and other sugar-producing ACP, economies and farmers (Fairtrade Foundation, 2015).

### 2.3: EU market access for Fijian sugar through Lome and Cotonou

The Fijian sugar industry was established to supply raw sugar to the British empire for the profit of the Colonial Sugar Refinery (CSR) (Moynah, 1981, pp. 1, 5). Following independence in 1970, production and export of sugar continued to be the backbone of the Fijian economy. In 1973, the FSC was incorporated by an Act of Parliament and began trading as a public company, taking over the mills from the CSR (Fiji Sugar Corporation, 2014). Fijian sugar has subsequently been sold under quota to the European Economic Community (EEC) and, later, to the EU, though surplus sugar has also been sold to other countries (Fiji Sugar Corporation, 2015, p. 70). Fiji now exports sugar solely to the EU through Tate and Lyle, though production has consistently fallen short of the 300,000 tonne agreement in place since 2008 (Fiji Bureau of Statistics, 2012a), which will expire in September 2015 (Tate & Lyle Media Centre, 2008).

The establishment of the Sugar Protocol of the Lome Convention in 1975 gave Fiji preferential access to the EEC sugar market, and its higher prices (Serrano, 2007, p. 173). The Lome Conventions were a set of non-reciprocal trade and aid deals between the EEC, later the EU, and ACP countries, which reflected an ongoing relationship between colonial powers and their former colonies considered vulnerable developing countries (Serrano, 2007, p. 173); many of which were vulnerable at least partially as a result of colonialism. The Sugar Protocol established quotas for the supply of sugar to the EEC market from ACP Commonwealth countries (Serrano, 2007, p. 173). The quota system under the Common Agricultural Policy (CAP) also capped the sale of domestically produced sugar within the EEC, beyond which supply must be stored or exported (Mahler, 1981, p. 478). ACP suppliers could provide this quota tariff-free; all other imported sugar was then subjected to high tariffs, effectively limiting supply to tariff-free import quotas (Serrano, 2007, p. 172) . This system allowed the EEC to maintain prices 2-3 times the world price by artificially managing supply. The Lome Convention also committed the EEC to aid and investment in ACP countries, primarily through the European Development Fund (EDF).

Under subsidised production, the EU exports a significant amount of sugar, with exports at times equal to their imports (Deverall & Lennon, 2005, p. 2). This creates an oversupply of cheap sugar on the world market and deflates the global price, further diminishing the incomes of sugar producers in developing countries who rely on it. This practice is known as dumping and results in a loss from the EU perspective as every Euro of export sales earned costs €3.30 in subsidies (Deverall & Lennon, 2005, pp. 2, 7; Mahler, 1981).

Preferential access to the European market continued under the Cotonou Agreement, which succeeded the Lome Convention in 2000. The Cotonou Agreement determined that individual EPAs should be made between each ACP country or region and the EU, in order to be specific to the individual development needs and aspirations of the ACP members and foster participation of the private sector and civil society (Hangen-Riad, 2004, p. 7). It also emphasises reciprocity, requiring ACP countries to reduce barriers to imports from the EU (Hangen-Riad, 2004, p. 9), allowing ACP countries to maintain access to the EU market under the auspices of WTO rules (Jones, 2007, p. 2). The EPAs were expected to be effective from 2008, and continue

as the basis of trade beyond the expiry of the Conventions and associated trade barriers in 2020 (Hangen-Riad, 2004, p. 11), though negotiations have been controversial and are ongoing at the time of writing (Valemei, 2015). The stated intention is to improve efficiency through free market competition, enhance trade capacities, foster investment and improve the capacity of ACPs to handle trade-related issues in order to be integrated into the world free trade economy (Hangen-Riad, 2004, p. 10). However, they demand reciprocity between parties of vastly different size and power.

It remains unclear how EPAs will support the Cotonou Agreement's other objectives of social and economic development and poverty reduction. Cotonou continued the aid commitments of the Lome Convention, but increased the EU's flexibility to decide where and how the money would be spent over recipient countries (Hangen-Riad, 2004, pp. 8, 13, 15); removing the sovereignty of decision-making from recipient states and enforcing an EU agenda. Furthermore, individual ACP states lose the power of the ACP block while individually trading with the EU. With the EU economy being 1400 times the size of the Pacific ACP group, let alone Fiji, there has been limited room for negotiation of the terms (Godfrey, 2006, p. 2). Like imperial extraction, neoliberal trade is controlled by and biased towards the interests of the powerful, with consideration of social and environmental sustainability only when it is in their interests, often resulting in impoverishment and environmental degradation. The establishment of EPAs can then be likened to the unequal exchange and power disparity of the colonial project.

The interim EPA between Fiji and the EU grants Fiji duty-free and quota-free access to the EU in exchange for Fiji liberalising its market for a period ending in 2023; it is likely to require 80% of imports from the EU to be tariff-free (European Commission, 2014; Godfrey, 2006, p. 4). As tariff revenues make up significant government income for Pacific Island Countries, such agreements will have a significant economic impact (Pacific Institute of Public Policy, 2008). Oxfam has criticised the EPA system as hypocritical; the disparity of power allows developed countries to demand extensive liberalisation of developing country markets, while offering little more than the maintenance of some current favourable terms in return. Keeping these terms while liberalising developing economies poses significant risk

to fledgling industries while favouring access for developed countries (Jones, 2007, pp. 30, 34).

Sugar prices have varied over the last century but have generally remained low, not accurately reflecting the costs of production. While the preferential price since 1975 has been between 2-3 times the world price, this is misleading as the world price has been artificially suppressed through subsidised dumping (Watkins, 2004). Thus the world price does not actually reflect a free market price, nor can the preferential price be assumed to reflect sustainable costs of production. This brief respite of access to protected prices is being brought to an end, with preference being eroded and trade once again becoming openly unequal and extractive in the name of laissez faire neoliberal competition.

### 2.4: Erosion of preferential access for Fijian sugar to the EU

In 2003, Brazil, Australia and Thailand, which do not have preferential access to the EU market, challenged European protectionist policies and preferential access for sugar in the WTO. Preference given to ACP countries by the EU is non-compliant with WTO rules as it discriminates against other developing countries. The WTO ruled that subsidised exports were in excess of acceptable levels and must be reduced (Serrano, 2007, p. 117). This ruling contributed to the decision to restructure the European sugar trade, including working towards an end to preferential access for ACP states. These measures led to a price reduction of 36% between 2006 and 2009 (Sugar Unit Office of the Prime Minister, 2011, p. 4).

Despite multiple objections and entreaties to maintain preference until 2020, the system will come to an end in 2017 and suppliers to the EU market will no longer have quotas, increasing supply and likely further reducing prices (Gawander, 2013, pp. 12, 13, 14). EU producers will continue to qualify for an agricultural subsidy which is paid per hectare regardless of crop production[4] (Fairtrade Foundation, 2015, p. 18). Fiji will be competing directly with other exporters to the EU as well as the swollen domestic market, as exported European sugar is redirected to domestic

[4] In 2014 the subsidy was approximately £195.41 per hectare, enough to subsidise 1kg bag of sugar by 1.8p (Fairtrade Foundation, 2015, p. 18).

markets. Fiji will, however, continue to enjoy tariff-free access to the European sugar market, a privilege not being extended to developed countries.

As a result of these changes, European sugar production will decline, as will imports from ACP countries, with some EU countries exiting sugar production due to the unfavourable market (Chaplin & Matthews, 2005, p. 11; pp. 179, 180, 182). Other predictions include an increase in the world market price as the European export surplus is reduced and partially redirected to the local market, potentially making the EU trade-neutral, or a net importer of sugar (Chaplin & Matthews, 2005, p. 14; P. Lal & Rita, 2005, p. 20; p. 181). Free trade theory suggests that the world price should normalise around the cost of production as the artificial market mechanisms are removed (Department for International Development (DFID) UK, 2012, p. 3). However, some economists predict increasing price volatility because European producers have the flexibility to plant cane or diversify according to shifting prices (News and Analysis, 2014a).

In order to meet their obligations following the WTO ruling, the EU will bring its production in line with domestic consumption, cutting the quota by approximately 2.8 million tonnes and reducing exports on the world market (Chaplin & Matthews, 2005, pp. 9, 11). The FAO compared six studies estimating the percentage change in world sugar prices, which varied from 10% up to 68.2% in various liberalisation scenarios (FAO, 2005, p. 7), demonstrating the difficulty in predicting the outcomes of such policies. Liberalisation of European sugar alone is estimated to increase world prices by about 20% (Borrell & Pearce, 2004, p. 306).

### 2.5: EU restructure and the impact on the Fiji sugar industry

As part of the reforms, the EU committed to providing assistance funds to Fiji under the Accompanying Measures for Support Programme (AMSP), which would be targeted at industry reform as part of the EU Action Plan to support the transition to a reduced price (Serrano, 2007, p. 170; Sugar Unit Office of the Prime Minister, 2011, p. 3). However, after the coup in 2006, the EU withdrew this aid and Fiji weathered the price decrease by diverting funds from social services (Sugar Unit Office of the Prime Minister, 2011, p. 7). In contrast, European sugar beet producers have been

compensated the equivalent of 60% of the reduction in revenues. This payment was decoupled from sugar and paid directly to farmers, allowing producers to receive it even if they diversified away from sugar beet (Chaplin & Matthews, 2005, p. 10). During this period, Fiji experienced significant inflation of their dollar, limiting the impact of the price decrease (which is paid in Euro's) but also increasing the costs of imports required by farmers (bought with the weak dollar). The direct loss of stable and predictable revenue for Fiji as a result of the EU reforms is estimated to be approximately €32.3 million annually (p. 189; Sugar Unit Office of the Prime Minister, 2011, p. 4).

Fiji's sole buyer, Tate and Lyle, have continued to lobby for the abolition of tariffs on sugar in order to secure a larger tariff-free supply. They argue that tariffs unfairly favour domestic sugar over imported sugar from traditional producers, contrary to WTO principles (News and Analysis, 2014b). If they are successful, it will further increase competition for Fiji.

The restructuring is also affecting European based sugar beet growers (Chaplin & Matthews, 2005, p. 11). Curiously, the arguments being made by sugar producers within the EU to prevent deregulation are similar to those of developing countries; the concentration of sugar in competitive regions will cause social and economic dislocation (Serrano, 2007, p. 182) . The limitations of comparative advantage affect both developed and developing countries, despite the more cushioned position of European producers.

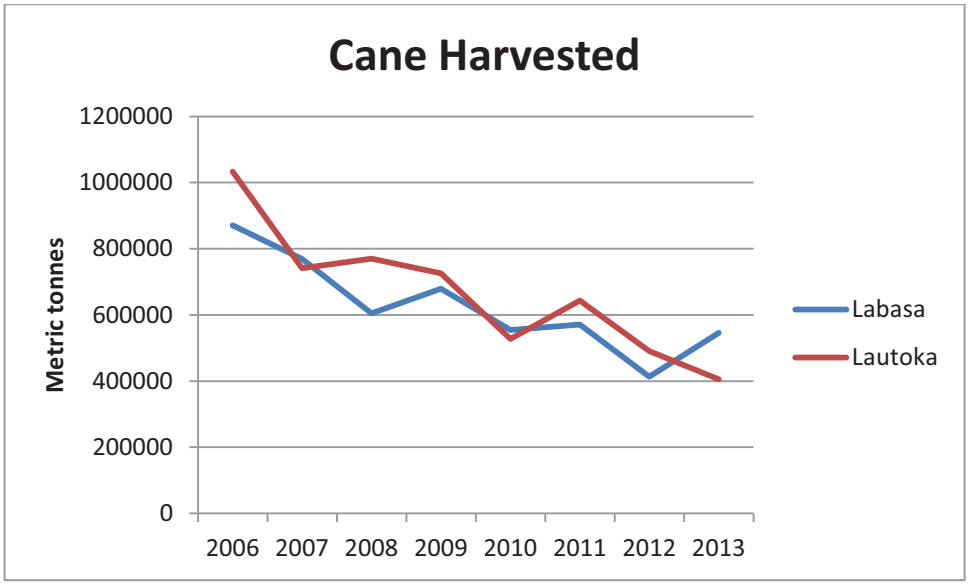
The unequal exchange inherent in the trade between the EU and Fiji, combined with uncertainty of future changes, has contributed to insecurity in Fiji's sugar industry. This insecurity has a direct impact on farmers' livelihoods and also negatively affects the wider economy. The consequences of these trade decisions and Fairtrade's role in navigating them will be discussed in *Chapter Three*.

### 2.6: Decline of the Fijian sugar industry

The legacies of colonialism continue to shape the sugar industry's structure and landscape. The organisation of farmers into local gangs of between 10-15 farmers, and production on small-scale farms, were both established during the colonial

period (Moynah, 1981). The machinery used in the mills, and the cane transport rails are also physical relics. The FSC's power relative to farmers and the ongoing distrust between them reflects the historically adversarial relationship between the farmers and those controlling the industry (P. N. Lal, 2008, p. 74). The political neglect of the industry (until recently) is a reflection of the tensions of that time and of political perceptions of public dispassion for the industry. Blame for inefficiencies in the industry are often levelled by the farmers and the mills at each other (Mahadevan, 2009b, p. 92).

The decline of the sugar industry has happened gradually over several decades. However during the period 1999-2010, it experienced rapid decline catalysed by the expiry of land leases and compounded by existing difficulties. The uncertainty of the changing terms of trade, price reduction and withholding of financial support by the EU shook confidence in the industry. The decline saw the degradation of mill and transport infrastructure, stark reduction in cane production and the amount of sugar being extracted, indebtedness and then insolvency of the FSC and plummeting cane and sugar production. The industry was then unable to meet its trade obligations and lost the confidence of trade partners, industry stakeholders and farmers alike.




Sourced from SCGC Annual Report 2013

Farm-level insecurity contributed to reduced quality and quantities of cane being delivered to mills, compounding inefficiency. Farmers struggled with the uncertainty of land lease non-renewal, a loss of access to formal credit institutions, rising costs of

living and farm inputs, labour shortages coupled with increasing labour costs and shrinking real income. This was exacerbated by uncertain prices, deductions from farmers' FSC payments and the burden of increasing debt. Unreliability of transport and lack of access to industry information further disempowered farmers. Farmers also faced the risk of having unharvested cane at the end of the season due to the inefficient mills closing, and this pressured farmers to burn cane for priority harvesting despite the loss of quality and the higher costs of sugar extraction to the industry. Many left the industry, through both force and farm non-viability, further reducing the industry output.

**FSC and industry infrastructure**

The government held majority ownership of the FSC until 2011 when it became insolvent and required a government bailout. It was removed from the South Pacific Stock Exchange and the Government assumed full control (Sugar Unit Office of the Prime Minister, 2011, pp. 5-6). The FSC then discontinued publishing annual reports. Allegations of internal mismanagement, nepotism and a lack of transparency were levelled at the FSC to explain its poor performance and indebtedness (e.g. PINA, 2011; Serrano, 2007, p. 187). It went from being a profitable company during the 1970s to being severely in debt, with an operating loss in 2011 of FJ$36.6 million (Fiji Sugar Corporation Limited, 2011).

The FSC partially accounted for its decline and insolvency by claiming it received an insufficient share of industry profits. The profits of sugar are shared between FSC and the farmers at a rate of 30% to the mills and 70% to the farmers. This ratio was established in 1976, changing the previous 1970 ratio of 65:35 (P. N. Lal, 2008, pp. 77, 80), and has since remained in the Master Award[5]. With the mills making significant losses, increasing the mills' share was proposed and debated in 2003, when FSC recorded an operating loss of FJ$13.4 million (Fiji Labour Party, 2003; Fiji Sugar Corporation Limited, 2003). This proposal reflected the recommendation of the World Bank's assessment of the Fijian sugar industry, reported in 1993 and 1995, and subsequent AusAID reports and government policy documents (Snell & Prasad, 2001, p. 260). Farmers pointed out that the FSC had previously been

[5] The document that established the contractual terms between farmers and the industry

profitable under the existing profit share and ultimately no change was made. The discontinuation of annual reports to the public in 2011 has further reduced farmers' access to information regarding the FSC's processes and expenditure.

The FSC's ongoing viability is necessary to the sugar industry since farmers cannot process sugarcane without the mills. However, focusing on the mills' liquidity in the dialogue regarding profit share neglected the position of farmers. After all, farmers were also being squeezed by reduced returns on their cane, were facing indebtedness and an uncertain future. Favouring one actor over another and arguing over profit share not only stalled real dialogue on problem-solving, but reinforced historical distrust and emphasised a power relationship in which farmers are undervalued.

Lack of political will and financial resources to invest in the industry's infrastructure expedited its decay. Prior to the delayed decision to upgrade the mill equipment, which was completed in 2010 with support from Tate and Lyle and the EU, the mills were using the original equipment which was installed in the late nineteenth century. This degraded machinery experienced regular breakdowns, inefficient processing, and reduced sugar extraction from cane. However the upgrades also posed problems as there were compatibility issues, leading to further delays, breakdowns, increased costs and diminished faith from farmers (Tabureguci, 2010).

Fiji went from being the third most efficient sugar producer in the world to being 28$^{th}$ in the early 2000s (Mahadevan, 2009b); efficiency is expressed by the cane-sugar ratio. This ratio represents the number of tonnes of cane required to produce one tonne of raw sugar, "TCTS". The higher the ratio, the less efficient the production. During the 1970's Fiji had an average TCTS of between 7:1 and 9:1, in line with international sugar extraction rates. This efficiency dropped significantly to 13.5 in 2010 (Fiji Bureau of Statistics, 2012a). Both the mill performance and the quality of cane provided by farmers contribute to the TCTS ratio.

**Transport**

The rail transport system operated by FSC has also fallen into disrepair [6] (Mahadevan, 2009b, p. 92). Additionally, farmers are often provided with insufficient carts for their tonnage, the carts are delivered late, and pickup can take several days (Mahadevan, 2009b, pp. 89, 92). Farmers complained of cutting the cane in the morning and the cost of paying labourers to wait for the carts to be delivered (P. N. Lal, 2008, p. 50) and delays in picking up full carts. Thus many farmers have decided to forgo rail and use lorry despite having rail access, and despite increased personal transport costs. Not all farmers have rail access and FSC partially subsidises lorry use in those areas (P. Lal & Rita, 2005, p. 22), passing a proportion of the cost of cane transport onto those farmers.

Investing in rail infrastructure would cost the FSC approximately FJ$12 million a year (Mahadevan, 2009b, p. 89). To avoid this cost, FSC decided to incentivise lorry use and allow the rail system to decline (P. N. Lal, 2008, p. 22). Part of this initiative involved a financial incentive, the "conversion allowance" for farmers who primarily use rail to switch to lorry. This allowance is a partial payment for the transport costs, farmers who switched from rail to lorry and received this allowance had a transport cost increase of $1.50-$3 per tonne (P. Lal & Rita, 2005, p. 31).

Under the Master Award, FSC is responsible for meeting the cost of rail delivery. By incentivising lorry use, it saved on the costs of rail maintenance. However, the cost of the lorry allowance was deducted from the overall industry costs prior to the division of profits, rather than from the FSC's profit share. In this way, farmers and the FSC were dividing the subsidy cost according to the 70:30 share ratio. Not only were farmers now facing higher transport expenses, but they were also effectively paying the majority of the subsidy (P. N. Lal, 2008, pp. 22, 78). FSC has failed through multiple attempts to change the Master Award and assign itself a greater profit share (Fiji Labour Party, 2003), however its power over expenses prior to profit division allows it to do this in practice. Farmers' inability to prevent this demonstrates the real power disparity in the industry, and also highlights legitimate concerns of farmers that underwrite distrust between the stakeholders.

[6] Maintenance of the rail system is said to be minimal and limited to trouble-shooting; 80% of the carts are older than 40 years, and only 30% of the fleet is utilised (Mahadevan, 2009b, p. 92).

Cane arrival by lorry at the mills was not efficiently organised and was hampered by ongoing breakdowns. Many lorries waited in queues with their cane, sometimes for up to two days, with inadequate facilities. This results in poor hygiene and wastes time that could be otherwise productively used. As cane sits on lorries and rail trucks, its sugar content declines, reducing the extraction rate and making it difficult to crystallise sugar from syrup, which is then dumped. In 2003, 63% of cane was delivered via lorry (P. Lal & Rita, 2005, pp. 31-32).

Due to the costs of keeping the aging mills running, and the slow processing speed, they could close near the end of the season prior to all cane being harvested. Farmers would burn their cane in order to ensure that their cane was harvested before the mill closed. Burning cane removes weeds and insects, making it easier to cut, and also prioritises the cane for processing at the mill, allowing farmers to "jump the queue". Burnt cane must be harvested and delivered to the mill within seven days as the sugar content degrades quickly and thus is given priority over green cane. Farmers are financially penalised as a deterrent because this practice reduces the quality and capture of the sugar. The penalty is not always a deterrent when farmers are choosing between a reduced payment on one hand, and no payment for their year's work on the other. Farmers also experience pressure from labourers to burn cane, and arson is a problem.

Since the mill upgrades were completed in 2010, the speed of milling has surpassed the cane supply. The crush season has been reduced from 6 months to 3-4 months, and queue times have been reduced from up to two days to as low as a couple of hours, translating into financial savings. The operational costs of each mill is currently FJ$40,000 per day (Rawalai, 2015). TCTS efficiency has improved to 8.0 (Fiji Sugar Corporation, 2014).

The FSC is now reinvesting in the rail network and returning focus to this transport method. Tate and Lyle have provided experts to assist with mill management and maintenance (The Sugar Industry Stakeholder Action Group Lautoka, 2012, p. 47. 53). A cane quality payment system, which had been proposed and rejected from the early 2000s, is now in the trial stages and anticipated to be used next year (Chaudhary, 2015d; Fiji Labour Party, 2003). This system will pay farmers for the sugar content of cane rather than the tonnes of cane provided to the mill, and further

incentivises planting and harvesting practices to maximise sugar content, hopefully further improving the TCTS ratio.

**Land Security**

Fiji has a complicated system of leasehold land reflecting collective ownership, which is managed by the iTaukei Land Trust Board (TLTB), formerly the Native Land Trust Board (NLTB) until 2011. In Fiji, 83% of land is native land, use of which is leased from the landowner through the TLTB/NLTB (Naidu & Reddy, 2002, p. 4). The majority, 78%, of sugarcane farmers are Indo-Fijian and growing cane on leased land (P. N. Lal & Rita, 2008, p. 1). Increasing number of indigenous Fijians entered the industry, many following the expiry of land leases, who believed they could earn more as farmers than as landlords (Snell & Prasad, 2001, p. 268). Under the Agricultural Landlords and Tenants Act (ALTA), tenants did not have an automatic right of renewal (Naidu & Reddy, 2002, p. 6). Disputes over equitable rent and the concentration of sugar profits in the hands of tenants, led to the non-renewal of farm leases (Naidu & Reddy, 2002, p. 8). The politicisation of the industry was another contributing factor. In 1997, land leases started to expire and, between 1997 and 2003, only 20% of expired leases were renewed to the existing tenants, and 50% were renewed to new tenants (Mahadevan, 2009a, p. 312). Four thousand farming families were displaced between 1997 and 2002 with very little government assistance[7] (Serrano, 2007, p. 186).

The number of contracted sugar farmers reduced from 22,304 in 1996 to 16,259 in 2011(Fiji Bureau of Statistics, 2012a). In 2012, it was estimated that 22% of contract growers no longer harvested cane (EuropeAid, 2011), which was confirmed by an FSC representative whose current estimate of active growers is between 12-13,000. In addition to rent, many land owners expect a "goodwill" payment for the renewal of the lease; such payments can range from $2,000 to $22,000[8] (P. Lal, et al., 2001, p. 27). During this time, there were proposals to revert the lease of land to a previous arrangement, the Native Land Trust Act (NLTA), which would lease land for 5-10

[7] A system of compensation was set up for farmers who lost their land leases under the Peoples' Coalition Government. However the scheme was abolished following the 2000 military coup. Only 203 farmers received payment under the scheme (Naidu & Reddy, 2002, p. 16).
[8] One participant in this research reported goodwill being as high as FJ$30,000.

years only (P. Lal, et al., 2001). Land insecurity has a direct impact on farm efficiency; land held under leases nearing expiry have reduced technical efficiency compared with those with a longer period remaining. This reflects the reduced confidence of farmers to invest in the land, which in turn negatively impacts their livelihood and wellbeing (P. N. Lal, 2008, p. 110; Mahadevan, 2009a, p. 318). It also reflects the limited security available to secure loans for further investment (Naidu & Reddy, 2002, p. 15).

Land ownership allows for mortgaging of land when credit is needed (Reddy, 2002, p. 21). This puts tenants in a comparatively weak position when seeking to acquire funds without such leverage. Banks stopped lending to farmers because of the uncertainty of the industry (P. N. Lal, 2008, p. 110). The Fiji Development Bank decided to take a cautious approach in lending to stakeholders in the sugar industry, reflected in a decline in borrowing from this source also (Fiji Development Bank, 2003). Farmers do have access to loans from the Sugar Cane Growers Fund (SCGF), which are given based on the potential earnings of the farm. Previous research found that 90% of farmers had farm-related debt, with an average household farm–related debt of FJ$3,000 (P. N. Lal, 2008, p. 48) and many farmers are continually in debt[9] (Mahadevan, 2009a, p. 319).

**Farm input costs and labour costs**

Farmers have struggled with increasing costs of inputs, labour, rent and rising cost of living. Significant depreciation of the Fijian dollar has resulted in high import costs. Since 2008 the cost of fertiliser has increased from FJ$19.50 a bag to FJ$45.39 a bag largely due to the cost of imported ingredients, according to an FSC representative. Government subsidies have reduced the price of this to growers to FJ$31.50 (Labasa Cane Producers' Assocation, 2013). While rent is set at 6% of the value of undeveloped land, this has increased incrementally over the years regardless of the profitability of sugar. The cost of rent increased 8-10 fold between 1977 and 1997 (Naidu & Reddy, 2002, p. 8), with the price of cane paid to farmers only rising from

9 In 2008 the Sugarcane Growers Fund lent FJ$22.59 million to farmers. Of this approximately $6.1 million was
for farm development, purchase of new farms and machinery (Fiji Times, 2009)
.

FJ$25 to FJ$50 per tonne in this same period (Fiji Bureau of Statistics, 2012a). The cost of transport has also increased, particularly for farmers who have switched to lorry.

Reductions in family sizes and urban migration have reduced the use of family labour on farms. There has been an increase in the number of hired labourers, increasing wage costs. Labour shortages have further pushed up the cost of hiring during harvesting, and farmers must also pay for shelter, food and transportation for the workers (P. N. Lal, 2008, pp. 16-19). Some farmers offer a higher rate on the explicit understanding that the cutters will not burn the cane. In areas with severe labour shortages farmers source labour from villages; farmers in Tabia, Labasa, sourced labourers from as far away as Savusavu. Farmers have struggled with hired labour not performing as required and sometimes abandoning the work, leaving farmers with penalties and unharvested cane (P. N. Lal, 2008, pp. 43, 48, 49). Some farmers with flat land have started hiring mechanical harvesters, which cut the cane quickly and deliver to the mill for a combined cost of FJ$35 per tonne. Many farmers point to labour shortages as their primary concern and believe that Fairtrade, FSC and Government should focus assistance on this area.

Farmers in low lying areas also face the risk of crop damage during floods. One means of increasing production is to protect the existing planted cane, increasing the amount of harvestable cane. Both the Labasa and Lautoka Cane Producers Associations have earmarked funds to assist farmers in maintaining their drains.

The government has also made funds available to support planting new cane (Fiji Sugar Corporation, 2014). There are also promising development gains coming from Fairtrade in terms of improving access to farm inputs and other needs, which will be discussed in *Chapters Four* and *Five*.

**Financial Security**

Farmers receive payments for their cane as “bonuses”, which are paid four times per year, with additional discretionary payments arranged during times of the year when expenses are typically high, such as the beginning of school and Diwali. The FSC also provides fertiliser, sugar and rice to farmers on credit. The costs of these

supplies are then deducted from the farmer's next bonus. Weedicide is bought from South Pacific Fertilisers Limited (SPF) through an arrangement with the Sugar Cane Growers Council[10] (SCGC). Because fertiliser is a large input and required at a single time of the year, it results in a large deduction. At the time of payment, farmers receive an invoice listing their bonus and deductions. Where deductions exceed the cane payment, the whole payment is deducted and the remainder deducted from the following payment several months later; sometimes they only receive a small payment, and sometimes nothing at all. This system reduces the ability of farmers to plan, and also disincentivises the use of costly fertiliser and weedicide (P. N. Lal, 2008, p. 110). Furthermore, the FSC makes deductions for repayment of loans from the SCGF, a levy to finance the Cane Growers Council and also rent to be paid to the TLTB (Sugar Industry Tribunal, 1989). The needs of the farm, of creditors and landlords, are paid before any consideration to the personal needs of the family. Given this situation, it is easy to understand why farmers feel their interests are not considered, their input undervalued, and that they have little power in the industry beyond their own farm efforts.

Efficiency gains directly increase the price paid to farmers. Similarly, decreases in efficiency result in lower prices. Since farmers have always been paid by their contribution to tonnes of cane processed, rather than sugar content, farmers producing lower quality cane receive the same as those producing higher quality cane, as long as they provide the same weight of cane. Farmers growing sugar-rich cane effectively subsidise the incomes of sugar-poor cane growers. Higher sugar content increases the total sugar output, without increasing the amount of cane sent to the mill. This means a higher return on the total cane, increasing prices for farmers. It also means that the mills are processing sugar, rather than processing fibre with little sugar yield, reducing the dumping of low sugar syrup and the resources spent on milling. During the 2012 and 2013 seasons when the TCTS reduced to 9.9

[10] The Sugarcane Growers Council (SCGC) was established by an Act of Parliament as a representative body for the farmers in 1984. They are responsible for organising the harvest quotas for efficient cutting, overseeing burnt cane, providing dispute resolution services and representing farmers concerns to other industry stakeholders and landlords. Farmers pay a yearly levy for its operation. Farmers democratically elect the SCGC board as their representatives. However in 2008 the board was disbanded by the government who saw it as a political unit (Bower, 2012). This move undercut farmer trust in their industry representation and there have been unheeded calls since for the boards reinstatement in order that farmers have formal representatives at the industry level (Fiji Labour Party, 2015).

and 8.9 (Fiji Bureau of Statistics, 2012a), farmers received FJ$81.82 and FJ$82.18 per tonne respectively, which was attributed by an FSC representative to the improvements in industry productivity. When the TCTS was 13.5 in 2010, the price paid to farmers was $45.67 per tonne. The forecast price for 2014 (the payment as yet has not been completed) from a TCTS ratio of 8.95 is FJ$88.49; the highest in the industry's history (Fiji Sugar Corporation, 2015, p. 3).

In order to incentivise farmers to supply cane with a high sugar content, and to prevent farmers with well performing crops subsidising the incomes of poor performers, the FSC is investigating the implementation of a quality payment system. This would pay farmers for the sugar content of their cane rather than the weight of cane provided. The system is currently under trial and running parallel to the current system, preparing for implementation. Farmers have a number of concerns about the implementation of this system, as the quality of cane is often affected by factors beyond their control for which they may be penalised. This system will be discussed further in *Chapter Four*.

Changes in the exchange rate between the Fijian dollar and the Euro buffered the shock of price decreases from the EU because the sugar price paid to Fiji is calculated in Euros. Between 2000 and 2009 the exchange of €1 rose from FJ$1.95 to FJ$2.72 (USFOREX Incorporated, 2014). This meant that while the price paid in Euros to Fiji dropped, the exchange rate inflated the amount that farmers received in Fijian dollars, limiting the decrease farmers would otherwise have experienced. Despite the price decrease of 36% between 2007-2009, farmers received an average price of FJ$54.18 during the 2000s; FJ$56, FJ$54, FJ$56.59 and FJ$45.67 in 2007, 2008, 2009 and 2010 respectively. This was little different from the average price received during the period 1990-1999 of FJ$53.81 (Fiji Bureau of Statistics, 2012a). The reduced price to farmers could then be hidden in the relative loss of real income against rising living costs and inputs affected by import inflation, such as fertiliser. Between 2007 and 2010, the TCTS ratio increased from 10.5:1 to 13.5:1, reducing farmers' earnings per tonne of cane (Fiji Bureau of Statistics, 2012a). A graph showing the relationship between price and TCTS is in *Appendix 1*.

A report on poverty and household incomes in Fiji shows available income dropped 14% between 2002 and 2008 (EuropeAid, 2011, p. Annex). Professor Biman Prasad

of the National Federation Party estimated the average cost of production for farmers at FJ$45, which is supported by Lal (Chaudhary, 2015e, p. 45; P. N. Lal, 2008). Under current prices, the 70% of farmers with an average production of 200 tonnes earn a net income of approximately FJ$8800 in a season. As such farmers' livelihoods depend on reducing the costs of production, increasing production, and securing a sustainable price.

One other farmer in Lautoka pointed out that if he worked for a regular wage he would be covered by minimum wage laws and would receive a regular income. But on the farm, he must work to maintain it between harvesting seasons, and the hours he invests would earn much more on a wage than what is left of his income following farm expenses, "its like we work for free".

**Section conclusion**

The insecurities relating to trade, land and finance contribute to farm-level inefficiency as they diminish investment confidence, certainty of returns and the ability to access inputs. The direct impact has been a reduction in the level of newly planted cane and an increase in the amount of regrown (ratoon) cane. Despite the recommended ratio of 25:75 plant to ratoon cane, Lal's 2003 survey found that less than 30% of farmers had any new cane, with an average ratio of 17:83. She also found that farmers were using much less than the recommended quantities of weedicide, fertiliser and seed per unit area, reducing both the quality and quantity of cane grown (P. N. Lal, 2008, p. 110).

The challenges facing the industry are not new, but have culminated in a rapid decline. The industry has had multiple assessments, reviews, committees and plans, and as a 2001 study by Snell et. al. noted, they have all resulted in similar conclusions and recommendations which failed to be realised (Snell & Prasad, 2001). While critiquing the benchmarking methods used in these assessments, Snell et. al. also noted the lack of genuine industry consultation; stakeholders, such as farmers, are only involved after the decisions have been made. This method precludes real dialogue, limiting policy makers' understanding of the parameters of farmers' needs and experiences, and reinforces the power disparity between the parties, heightening

distrust and reinforcing the divide that prevents them from working together towards improving the industry (Snell & Prasad, 2001, p. 273). They also critiqued the use of international practices as disconnecting industry assessment from local realities, and prioritising external knowledge. The objectives of policy makers and stakeholders are not reconciled, pitting social welfare against efficiency and profit. These difficulties increased intra-stakeholder tensions and pose additional challenges to revitalising the industry (Snell & Prasad, 2001).

The limited success of recommendations to date is linked to the absence of genuine participation of farmers in their formulation. The current Sugar Industry Stakeholder Action Group (SAG), which designs the Fiji Sugar Industry Strategic Action Plan (SAP), is made up of representatives of industry stakeholders. No farmers sit on this committee, although members of the SCGC do, as their representatives. The current SAG improves over previous reports due to its acknowledgment that success requires the full support of growers, and thus views grower engagement as important. It also acknowledges the growing role of Fairtrade Associations as representative bodies (The Sugar Industry Stakeholder Action Group Lautoka, 2012, p. 13).[11] Despite this, the SAP follows the same policy-making process of previous committees. The organisation of farmers into Fairtrade Associations and their role in representing farmers to the industry will be discussed in *Chapter 5*.

Many people predicted the collapse of the industry. However since 2010, the industry has started to turn around, the mills have been upgraded and become more efficient, farmers are harvesting increasing amounts of quality cane and the mills are producing increasing amounts of sugar. The efficiency gains have contributed to an increase in price, which has bolstered confidence. This change has come about through initiatives by several stakeholders, including government investment and subsidy, outside assistance through Tate and Lyle and the EU, and through Fairtrade initiatives. The industry stakeholders are being reminded of their joint interests; the internal rhetoric now is that the industry is moving in one direction. The turnaround

[11] To emphasis the high level, top down recommendations which ignored the needs or interests of the growers as stakeholders, during Fiji's structural adjustment period the World Bank recommended reducing growers' share of revenue, privatising FSC facilities, downsizing the FSC workforce and increasing the export tax to redirect the preference "aid" back to government. The large social costs of these proposed policies were not identified, quantified or considered (Snell & Prasad, 2001, p. 160).

is recent and the industry is not yet recovered, but the lessons learned through this period may be useful to pave the way forward.

### 2.7: A short introduction to Fairtrade

Fairtrade is a certification and labelling scheme which embodies principals of fair exchange reflecting social and environmental dimensions in addition to trade practices. It does this through regulation of minimum prices and standards, provides access to technical information and expertise, enforces long term contracts and links trade to the development of communities, within a consumer-driven, producer-led model. Fairtrade positions producers and consumers as partners in the trading system and attempts to address imbalances of power along the commodity chain (Fairtrade International, 2014a). By educating consumers about producers, reconnecting them with the sources of their consumption, and making visible the chains of production, Fairtrade allows consumers to purchase products adhering to minimum standards, produced under sustainable and non-exploitative conditions, for which producers receive a fair price. It follows participatory development principles, empowering producer cooperatives to democratically determine how money earmarked for development, known as the social premium, will be spent locally (Fairtrade International, 2014a). Parts of this strategy mirror protectionist measures, such as floor prices and environmental standards, used successfully in developed countries but which have, in recent decades, increasingly been denied to the developing world.

The first Fairtrade label was established in 1988 under the initiative of the Dutch development agency Solidaridad. The brand was called Max Havelaar and sold coffee from Mexico to Dutch supermarkets (Fairtrade International, 2014a). The model was replicated in other markets throughout the world and expanded to include other commodities, including sugar. In 1997 the Fairtrade Labelling Organisation (FLO) was created to harmonise standards and certification of fairly traded products. This organisation divided in 2004; Fairtrade International (FI) sets the Fairtrade standards and provides producer support, and FLOCERT acts as the inspector and certifier of producers and audits traders (Fairtrade International, 2014a). In this short space of time, Fairtrade has grown exponentially and is today supporting 1.4 million farmers and workers in 74 countries organised into three regional producer networks;

Fairtrade Africa, Coordinator of Fairtrade Latin America and the Caribbean (CLAC) and the Network of Asia and Pacific Producers (NAPP) (Fairtrade International, 2014a; 2014b, p. 3). In 2013, €5.5 billion was spent on Fairtrade products worldwide (Fairtrade International, 2014b, p. 18).

Fairtrade offers a niche market for Fijian sugar, however sales in the EU dropped by almost 50% in 2014 (Chaudhary, 2014a). The Associations are confident that Fairtrade sales will recover. The reduction in sales may be the result of reduced spending power of consumers and the drop of prices generally making Fairtrade comparatively more expensive (Butler, 2015). Some consumers may also be exercising consumer loyalty to local struggling European beet producers, also affected by the industry restructure.

Fairtrade ensures producers receive a sustainable price, and also an additional sum of funds, the "social premium" for development projects. Fairtrade considers not only the input costs when determining a fair price, but also considers social and environmental costs, tangible and intangible. The social premium is a pooled fund held by the cooperative body and spent according to democratic decision-making processes on projects to improve social, economic and environmental conditions (Fairtrade International, 2014a). The additional payment above the price is like paying producers for the use of the Fairtrade brand.

Fairtrade supports groups of producers to become democratically organised into producer associations, increasing their representative power and agency to determine community development in their area. It is a non-governmental initiative with independent certification requirements and support systems. The model is advertised not as top-down benevolent charity, but as trade justice; a partnership for development through trade (World Fair Trade Organization & Fairtrade Labelling Organizations International, 2009, p. 7). Fairtrade International's General Assembly has 50% producer representation,[12] and their board of eleven directors includes Producer Network representatives, National Fairtrade Organisation representatives

[12] Mr Mohammad Habib, the founder of the Fairtrade Coordination Unit (FCU) within SPC and a leader in establishing Fairtrade in Fiji, represents Fiji within the Network of Asia and Pacific Producers (NAPP), at Fairtrade Australia and New Zealand FTANZ, and has been a key spokesperson for sugar on the policy development discussions in Fairtrade International regarding sourcing partnerships (Labasa Cane Producers' Assocation, 2013, p. 9).

and three independent members (Fairtrade International, 2014a). Producer representatives are integral to systems-level decision-making.

Valerie Nelson et. al. completed a comparative literature review of 23 case studies on the impact of Fairtrade. Their review found strong evidence of the benefits of Fairtrade for smallholder farming families. Producers experience economic and environmental impacts, as well as positive empowerment impacts, and improved quality of life and wellbeing. Specifically the studies found higher returns and more stable incomes when compared to sales to the conventional market. The stability of incomes allows for the capacity of long term planning and investment when compared with conventional market counterparts. The studies found also the significance of non-economic outcomes from Fairtrade participation, including security, capacity-building, access to information, improved self-confidence, national representation and access to credit. Long term planning and access to credit allows investment in development initiatives such as education facilities, benefiting the wider community (Nelson & Pound, 2009, pp. 35, 36).

**Fairtrade in Fiji**

Fairtrade was introduced to producers in Vanua Levu in 2011 with the establishment of the Labasa Cane Producers' Association (LCPA) and has had initial success, with the social premium contributing to productivity improvements and 43 community projects in the first year including building safe bridges, reducing flood damage by installing drains and providing local social goods such as bus shelters and school resources (Bower, 2012, p. 55). This success has encouraged the expansion of Fairtrade to producers on Viti Levu, certifying the Lautoka Cane Producers' Association (LtCPA) and the Rarawai Penang Cane Producers' Association (RPCPA) in 2012. The LCPA includes all sugarcane farming sectors on Vanua Levu and represents 3,961 farmers (Labasa Cane Producers' Association, 2014, p. 3). The LtCPA includes farming sectors in the Western cane belt between Sigatoka and Drasa, it represents 5,105 farmers. There are currently proposals to join the three associations under one organisation in order to limit the amount of funds spent on similar administrative and auditing tasks in each group, and return these funds to grower-centred outcomes.

Tate and Lyle purchase 40,700 tonnes of Fiji sugar under the Fairtrade brand (Fairtrade Foundation, 2013, p. 16). This current agreed amount may change as demand for Fairtrade sugar changes. Each of the three associations contributes to this total. The social premium of USD$60 per tonne of Fairtrade sugar is paid directly to the Associations.[13] The social premiums have so far brought in FJ$13.7 million to Labasa between 2011 and 2013 not including 2014, and $1,437,635 to Lautoka in 2013, the first year it received funds (p. 5; Lautoka Cane Producers' Association, 2013).

When Tate and Lyle initially approached Fiji in 2008 about becoming Fairtrade certified, the intention was to make the existing Sugar Cane Growers Council (SCGC) the overseeing Fairtrade body since it was an existing structure representing the farmers with a farmer-elected board. However, when the board was dissolved by the Prime Minister in 2008, it was determined that the SCGC would not be able to represent the growers in a sufficiently independent and democratic way to satisfy the Fairtrade requirements (Bower, 2012, p. 15). The Board has not been reinstated, nor is there currently any intention to hold elections (Chaudhary, 2015b).

The Associations use the existing organisational structure of the harvesting gangs: groups of around 10-15 farmers. The gang leader (Sirdar) is the main contact for organising quotas for cane delivery with the SCGC and FSC. Fairtrade utilises this same structure, but has one person elected by the gang to act as the Fairtrade Delegate. The Delegate is the key contact person for the Association, and is responsible for passing on news and information, including training on recommended methods. Delegates also represent their gang at the General Assembly and provide gang information to the Association. They conduct annual needs assessments with their gang members to determine what kind of assistance the farmers require.

Each Association has several cane growing sectors; Labasa, for example, has ten sectors. The Delegates in each sector elect a Sector Director who becomes a member of the Board and represents their sector in decisions regarding the use of Fairtrade funds and initiatives. The Board uses the information received from needs

[13] Farmers currently receive FJ$88.49 per tonne of cane delivered to the mill. It currently takes 8 tonnes of cane to produce 1 tonne of sugar. This means for every 8 tonnes of cane produced, farmers are receiving a social premium of US$7.50 per tonne of cane. In Fiji dollars this is currently FJ$16.05 (using the current exchange rate of 2.14). Using this calculation the Social Premium is worth currently 18% of the price paid to farmers.

assessments and creates a budget designating use of the social premium funds. It considers projects for development in the community, such as production and product improvements, infrastructure or services. This budget is presented to the General Assembly annually where it is voted on or amended by the delegate pool. This structure and process follows the democratic principles of Fairtrade, enabling producers to participate in the decision-making process for development of their farms and communities. The needs of the farmers are directly determined by the farmers, and prioritised by the Board, itself composed of elected farmers. Tables of the LCPA and LtCPA organisational structure can be found in *Appendix 2*.

Research into the impact of Fairtrade sugar on Vanua Levu commissioned by the Secretariat of the Pacific Community (SPC) in 2012 found that Fairtrade in Fiji conferred significant economic benefit on farmers and their communities in the previous year, including "reduced farm input cost; health, education and infrastructure projects; as well as benefits to human and possibly environmental health; and the cost of certification was small relative to the benefit" (Bower, 2012, p. 39). This economic assessment ran several scenarios regarding length of contract, inputs and outcomes and found that Fairtrade in Fiji was likely to return $7 per $1 of investment (Bower, 2012, p. 8).

In order for Producer Associations to be Fairtrade certified, the farmers must meet minimum requirements. The requirements are in place to socially and environmentally protect the farmers, their workers and communities. Examples of requirements include: no child labour to be used for hazardous work; health and safety protection; and proper use and disposal of weedicides and containers (Fairtrade International, 2011b). Farmers who refuse to meet the requirements can be suspended, as this risks the Association losing certification.

The Associations have used the social premiums for a variety of initiatives directly supporting farmers' productive capacity, as well as community development and these will be discussed in *Chapters Four* and *Five.*

## 2.8: Analysis of dominant narratives of the industry in crisis

The decline and predicted collapse of this vital industry has led to a number of studies exploring the key causes and recommending changes. Padma Lal undertook the largest statistical study of the industry to date, looking closely into the economic costs in the industry at the farm level and criticising the politics and mismanagement at the mill and policy levels. Other significant contributors to untangling the complex inter-relationships in the industry include Renuka Mahadevan and Mahendra Reddy. Lal, Mahadevan and Reddy each support the view that preferential prices have supported an inefficient industry in Fiji, and point to the incentive to grow cane in poor hilly areas, and to prioritise cane by weight rather than sugar content, as contributing to reduced efficiency. This view is also held by other commentators (e.g. EuropeAid, 2011, p. Annex).

Mahadevan has written several papers on Fiji's sugar industry. In *Lessons from the unfinished agenda of a small developing economy under trade and structural reforms,* she analyses the impacts of the European reforms on Fiji's economy using a high level analysis based on the theory of comparative advantage, and recommends diversifying the agricultural sector to "minimise the risk and address resource misallocation due to the EU sugar subsidy"(Mahadevan & Asafu-Adjaye, 2011, p. 633). Mahadevan views access to the European protected market as a form of subsidy incentivising inefficient use of resources and disincentivising investment in industries with "natural" comparative advantage. Hers is a high level analysis of the multiple options available to Fiji, rather than an analysis specific to the needs of the sugar industry.

In *The viability of Fiji's sugar industry,* Mahadevan analyses the roles of loss of preference, land lease non-renewal and ethnic differences in the decline of the sugar industry. She recommends exploring value-added options within sugar production, such as sugar refining, ethanol and electricity, which government investment could support (Mahadevan, 2009a, p. 321).

The paper *The withdrawal of EU sugar preferences and the bittersweet reform pill for Fiji,* analyses the efficiency of the industry and finds that the industry has the capacity for a 23% increase in cane output with the current inputs (Mahadevan, 2009b, p. 90). Her focus is on the impact of land lease non-renewal causing

insecurity and limiting investment, on farmers having supplementary employment, the deterioration of transport infrastructure and the increase in lorry use. She finds that larger farms have higher efficiency, but also that small farms are more efficient than medium-sized farms, though no explanation is ventured. Medium-sized farms use high levels of weedicide and fertiliser, but inefficiently. She recommends educating farmers in the proper use of weedicide and fertiliser through research and extension services.

Mahadevan laments the lack of disincentives for farmers to burn cane (Mahadevan, 2009b, p. 91). She supports an increased focus on lorry transportation to mills as this has been shown to have reduced standing time for cane from fewer delays in delivery. She notes that the industry requires a holistic approach and recognises the tension between stakeholders as "the growers blame the institution's inefficiencies while the millers (in this case, the FSC and the government) blame the farmers for not supplying good cane in time" (Mahadevan, 2009b, p. 92). She goes further to recognise the politicisation of land disputes and the difficulties these relationship tensions pose in revitalising the industry.

While these studies provide necessary and significant support for the background and context of the industry, their contributions were made prior to the establishment of Fairtrade, when the industry was still in decline. Jonathan Bower of SPC has produced the only published Fairtrade-focused study of the sugar industry in Fiji (Bower, 2012). This study focused on the economic cost-benefit ratio of Fairtrade investment and deliberately excluded any outcomes which could not be financially quantified. It determined that, for every dollar invested in Fairtrade, there was a return of $7.01, and supported the continuation of the program. The report acknowledges that Fairtrade alone will not make sugar profitable, but demonstrates that it is one part of a collaborative effort to rescue the industry (Bower, 2012, p. 8). The study was limited to the Labasa region. As Fairtrade has only been operating in Fiji since 2011, there is a significant gap in the literature regarding its impact. As such this study, while drawing on the key issues highlighted in the literature, will explore the actual and potential role of Fairtrade in addressing these issues.

## 2.9: Conclusion

The context of the current difficulties facing the sugar industry is bound up in the history of colonial systems of extraction and trade. As Fiji moves beyond this period of its history, it continues to contend with remnants and to reshape useful structures for the future. The international trade system that currently threatens the industry is also bound up in this history as the current unequal trade agreements of the neoliberal age reflect the asymmetric supply arrangements of the colonial era. The difficulties manifested out of this history are complex, multifaceted and include all actors along the commodity chain. The introduction of Fairtrade provides an opportunity to review this situation through a new lens.

The next chapter will discuss the details of the changing trade environment for Fijian sugar and critique the ideological basis on which the changes rest. It will explore the relationship between trade and development and critique the expectation that trade between developed and developing countries should be viewed as a form of aid. It will then examine Fairtrade as an alternative to the conventional trade system, recognising the role that fair and sustainable trade can play while challenging the underlying assumptions of the free market and comparative advantage.

## Chapter 3: A Critique of the EU's Shift from Preference, its Impacts on Fiji and a Fairtrade Perspective

*"I think the name Fairtrade, it gives the answer." – Lautoka Farmer*

### 3.1: Introduction

Changes in trade between developed and developing countries have been widely studied and critiqued. A central debate is whether or not neoliberal policies are in the interests of smaller economies. Limited discussion of real alternatives demonstrates the hegemonic position occupied by neoliberal policies in trade negotiations. Critics of this system point to the failure of theoretical benefits to be realised by Small Island Developing States (SIDS) (Connell & Soutar, 2007). They observe that liberalising efforts are applied unequally between developed and developing countries, and that the actual outcomes have been detrimental to the wellbeing of people and economies (Murphy, 2009). These criticisms apply equally to the EU-ACP sugar negotiations and predict that price cuts will result in increased poverty among farmers (Fairtrade Foundation, 2015), farms will become non-viable(P. Lal & Rita, 2005), and unemployment and socio-economic disruption will increase alongside price volatility (Chaplin & Matthews, 2005). According to critics, the policies are being used to further the neoliberal agenda of the EU at the expense of development objectives (Godfrey, 2006; Jones, 2007).

Supporters of neoliberal trade policies believe that reductions in protectionist measures will increase the world market price of sugar and improve producer incomes in developing countries as inefficient producers abandon the market. The "rationalisation" of resources through comparative advantage will allow for other initiatives to flourish (Borrell & Pearce, 2004). Efficient markets and trade are considered important components of economic development strategies and changes, which benefit all parties.

Commentators from both sides of this argument, including the World Bank, believe that the complacency engendered by high prices has fostered inefficient sugar production in Fiji (P. Lal & Rita, 2005, p. 20;  p. 186; Snell & Prasad, 2001, p. 260),

which is unsustainable without ongoing protection. High prices are redefined as a form of aid, which may be better spent in a targeted fashion to reduce bottlenecks to efficient trade under the assumption that efficient trade will result in development outcomes.

The complexity of the situation requires a multi-faceted response. Within their analyses, some commentators balance the ongoing negative impacts on world markets of existing EU policies (dumping and preference discrimination) with the anticipated dangers of the proposed changes to ACP countries (P. Lal & Rita, 2005).

### 3.2: The transition from preference

Since its inception in 1995 the WTO has set the legal boundaries of trade on the world stage, they set trade rules and consider these to be important for economic development and wellbeing (World Trade Organisation, 2015). Multiple parties had been seeking to restructure the sugar trade since the inception of the Lome Convention, and to eliminate the Sugar Protocol as early as possible in the 1970s. Pressure increased following the Uruguay Round of trade negotiations in the early 1990s (P. Lal & Rita, 2005, p. 19; Mahler, 1981, p. 486). The 2003 WTO ruling against preference and subsidised exports reinforced the European Commission's argument for reform (Serrano, 2007, p. 179). The EU set about deregulating the industry, dismantling the internal domestic quotas, reducing subsidies and minimum sugar prices, and removing tariffs to other developing countries resulting in the 36% price reduction by October 2009 (Bower, 2012, p. 7). That they followed the ruling against subsidised exports, and are negotiating EPA terms above those required by the WTO, suggests that the changes were already being considered. The WTO directive and the supporting ideology of the benefits of free trade vindicated, rather than altered, these plans (Richardson, 2009, pp. 10, 12).

The EU agreed to assist local sugar beet producers through this change, and to allow them sufficient funds to diversify their production and maintain employment. They provided compensation to local producers of 60% of the loss in subsequent years (Chaplin & Matthews, 2005, pp. 10, 11). Such support measures were not extended to Fijian farmers. After the 36% reduction of price had been decided, money was

committed to ACP countries through the "Accompanying Measures for Sugar Protocol Countries" (AMSP) to assist with the transition. This fund was proposed to be equivalent to the difference between the existing preferential price and the reformed price, to be paid as aid aimed at structural adjustments, enabling diversification, developing regional markets and improving competitiveness (P. Lal & Rita, 2005, p. 37; Serrano, 2007, p. 170). However Fiji's AMSP funds were withheld by the EU as a political statement of non-support following the 2006 military coup, leaving Fiji to weather the 36% drop without assistance.

### 3.3: Sugar Protocol preference, unequal exchange and trade as aid

An assumption of preference has been that the higher price paid to ACP countries is a form of "development aid in all but name", provided to "beneficiaries" (Chaplin & Matthews, 2005, pp. 7, 16; Levantis, Jotzo, & Tulpulé, 2005; Mahadevan, 2009a, p. 311). The "transfer benefit"[14] of preference is then assessed against the potential of equal funds to contribute to developmental outcomes (Herrmann & Weiss, 1995). Proponents of this view, including an EU Green Paper in 1996, point to a lack of objective measurable improvements in ACP countries as a result of receiving the preference price (Borrell & Duncan, 1992, p. 183; Gotor, 2009, p. 3). They suggest the money could be spent on other more objective, measurable, efficient and effective trade-focused development projects emphasising competitiveness, diversification and broader adaptation (Chaplin & Matthews, 2005, p. 17), such as through the "Aid-for-Trade" scheme. The form of alternative assistance (industry infrastructure, diversification etc.) is to be determined by the EU, with consideration of the perceived long term sustainability of the sugar industry in the recipient country (Chaplin & Matthews, 2005, p. 17). This process is inherently top-down with an external gaze and the proponents failing to genuinely consider local perspectives or participatory methods. The one-sided nature of the preference reforms is clear when proponents conclude that "*beneficiary* countries rightly expect that their *interest will be taken into account* in the reform" (emphasis added) (Chaplin & Matthews, 2005, p. 16).

[14] The difference between the low world price and the preference price.

The argument that preference is aid stems from the conflation of trade and aid, allowing a trade agreement to be criticised for not meeting aid objectives and then, ironically, proposing a trade-based solution to this inefficient aid "problem". It essentially reduces any agreement between developed and developing countries in which the latter benefits to that of aid. This clear oversimplification ignores the many agreements in which the former benefit, including the Lome Convention itself, which set the price of sugar lower than the world price at the time; this is not defined as a form of aid from developing to developed countries. This redefinition allows preference to be critiqued from an economic development perspective using currently favoured measures and objectives, by which it is found wanting. As Robert Chambers notes, methods that can be easily measured and defined are favoured by donors and held up as having authority. But this approach fails to take into account the complexity of development work, reduces accepted approaches to those which can be mapped in advance, and limits results to those that can be quantified (Chambers, 1997).

The Sugar Protocol in the Lome Convention is not a form of aid, but trade reciprocity between partners in good faith. The question should therefore not be whether preference-equivalent aid funds would lead to development, but whether liberalisation of trade and deregulation of the European sugar market will benefit Fiji and other ACP countries. So far there is no unequivocal evidence that the shift will be beneficial (Connell & Soutar, 2007, p. 57).

Contradicting the view of preference as aid, Vincent Mahler describes the context in which preference was created (Mahler, 1981). The Lome Convention was negotiated during a time of market volatility and unusually high world market prices that allowed the ACP group to gain leverage and force a price equal to the domestic price (Chaplin & Matthews, 2005, p. 3; Mahler, 1981, p. 482). The Sugar Protocol is a trade deal, not negotiated among partners with equal power, but being navigated with the assistance of fortuitous temporary market forces and unexpected allies. Only if the power had been skewed further, the Sugar Protocol been devised for the benefit of the EEC, and forced onto the ACP with few options, could it be defined as "tied aid" as some suggest (Herrmann & Weiss, 1995, p. 2).

Britain's historical approach to its sugar supply has been a pragmatic one. During times of inflated prices, Britain negotiates long term agreements at a lower price, such as during the World Wars and the 1970s (Mahler, 1981, pp. 476, 482). In times of suppressed prices, they seek to benefit by entering into new negotiations, as they are now. Prior to the Lome Convention, developing countries in the ACP received lower prices than those paid to domestic European producers; that the ACP were able to negotiate equal prices for sugar is evidence of the leverage they held during the favourable world market. Sugar was the only agricultural commodity to receive such favourable terms. The agreement was thus precedential despite such equalisation having been long awaited by ACP states. The EEC's attempt to pay less to the ACP states during the negotiations was the case despite the Lome Convention being established with a view to a supportive trade and aid relationship between former metropolises and colonies, and despite Britain's political interest in the ACP.

Following the loss of relative position, an EEC official defensively appraised the outcome, expressing the importance of guaranteed markets for development (Mahler, 1981, p. 485). While it is natural for parties to save face following agreements where concessions have been made, this statement reframes the deal retroactively as one of development rather than an equitable trade outcome. This once again positions the former coloniser as a beneficent provider rather than a partner, restating a power hierarchy. That this was used off-the-cuff at the time of establishing preference, though inexcusable, is understandable given the recentness of independence; bruised national pride in the face of diminishing empire. That the topic should continue to be framed this way today demonstrates the extent to which imperialism masquerades as philanthropy and obscures extractive relations while creating and perpetuating conditions for dependency.

It further exemplifies the inability of preference-as-aid proponents to acknowledge the history that established and perpetuates unequal, top-down power relations and to recognise such opinions as being situated in their socio-political context. The need to redefine trade and political relations as a partnership and not as transaction between benefactor and supplicant seems also to be lost in this argument. The negotiation of trade under neoliberal theory, such as the recent EPAs, divorces each country from historical circumstances; a clean slate, a new era. However, this allows for remnants of colonial hierarchy to remain; pressing economic objectives, when married to the

denial of an extractive past, ensures the perpetuation of unequal relations and exchange. The presumption that preference can be redefined as aid today reflects a patronising and paternalistic view, if unstated, that the EU is always a benefactor and agent, and that the ACP are always passive beneficiaries dependent upon the maintenance of the status quo.

The argument that preference is inefficient aid is used to rationalise the removal of preference (Gotor, 2009, p. 3). Although the argument is based on equivalent funds being more effectively spent if redirected through aid channels, the decoupling of the funds from the price removes the guarantee that the money will be paid to the ACP countries; it removes the security of the incoming funds. In Fiji the price decrease of 36% affected both farmers' livelihoods and government revenues. Funds re-directed from social services to cover the shortfall in the sugar sector also negatively affected the wider economy, disproportionately affecting poorer demographics(Sugar Unit Office of the Prime Minister, 2011, p. 7) with a higher need for such services. This disadvantage was not offset by aid assistance, as this was withheld by the EU for political reasons. Withholding 36% of the price from Fiji certainly did not lead to development.

The excision of funds for aid from the price of sugar re-asserted the EU's control of those funds. This allows them to be tied to political objectives and directed to projects of the EU's choosing. That the EU would agree to trade above minimum terms, to give funds for poverty relief or trade-structure development, is viewed as charity, not framed as good faith bargaining, or justice. This ignores the value extracted through colonial structures, and through unequal trade terms, both current and historical, which allowed wealth accumulation in the first place. Though the EU itself was not a colonising power, the creation of this body contributes to ideologically separating its members from their colonial past. Control over the provision of development funds allows favouritism of European knowledge systems and structures, while local knowledge is dismissed (Chambers, 1997).

### 3.4: Higher prices and development

The assumption that high prices under preference should result in easily measurable local development is flawed for several reasons. Part of the difficulty is that proponents do not specify what kind of development they seek to assess. Chaplin et al and Herrmann et al, for instance, complain that the quota distribution between ACP countries is based on historical trade levels, rather than development needs, leaving low-quota Least Developed Countries (LDCs) with a smaller share of preference funds than higher-quota middle income ACP countries (Chaplin & Matthews, 2005; Herrmann & Weiss, 1995). The expectation that the quota should reflect the development needs of the countries ignores that the quotas reflect the colonial trade and supply relations between Britain and the ACP. Instead these commentators compare the value of each country's share of the EU quota to the amount of financial assistance they need to eradicate poverty, which are unrelated, and against which the value of trade falls short. However, despite this critique, transferring the value of preference funds to aid money at the same proportions would not address the concern that they fail to target poverty. Conflating trade and aid ignores the roles of both equitable trade and targeted aid in addressing the alleviation of poverty.

The argument that the funds are insufficient to eradicate poverty in isolation seems not to consider whether the funds limited poverty over the period. Padma Lal estimated in 2005 that a 39% decrease in price would see 60% of Fijian farms become commercially non-viable. She further stated that farms based at a distance from urban centres are least likely to have supplementary income to sustain the family (P. Lal & Rita, 2005, p. 34). As noted by DiLorenzo et al, higher prices paid to individuals leads to increased consumption rather than coordinated investment (DiLorenzo, Sementilli, & Southwick Jr, 1983, p. 32). However, this is not a problem to be overcome. Prices reflecting equitable exchange that allows families to consume is an important part of development, as it both reflects a just outcome for the work invested in the product, and supports local economies that may rely on the industry.

The fact that preference has not led to the elimination of rural poverty in Fiji does not mean that the funds did not have an impact on preventing worse poverty outcomes. This does not make such access to income aid. The Fairtrade Foundation and Oxfam

have estimated that the loss of preference for sugar between the EU and ACP will result in 200,000 people being pushed into poverty by 2020 (Fairtrade Foundation, 2015, p. 7). The loss of preference combined with low world prices has the potential to push 6.7 million people into poverty, though the price would be the primary driver (Fairtrade Foundation, 2015, p. 20). A strategy that directly reduces producer access to funds necessary for secure livelihoods cannot be considered in the interests of development.

If the expectation is that higher prices should result in infrastructural or industry-level development, this is also flawed. The preference price is paid proportionately to each farmer and mill to spend in their own interest as individual entities. Funds for infrastructure or industry-level development projects need to be centralised in order to be effectively spent. Instead, shares of a divided whole appear small and can easily be consumed. Projects such as diversification contain risk, if parties are not required to participate but may benefit anyway as a result of a successful project[15], there is an individual interest not to participate. This creates a false dichotomy between fair terms of trade supporting individual earners, and targeted aid funds to assist in larger projects, rather than the necessary balanced approach incorporating both needs.

It should be noted that the protectionist policies for EU agricultural producers under the Common Agricultural Policy (CAP) which informed the Sugar Protocol, was intended to provide a fair income for European farmers, ensure supply, and protect less efficient European producers against incoming efficient ones (Mahler, 1981, p. 478). Giving the same terms to the ACP states and expecting outcomes beyond the maintenance of farmer livelihoods is setting a double standard.

Another reason that the preference as aid view is flawed is because it ignores the extent to which the world price is depressed and frequently below the cost of production. Aside from the artificially high prices imposed by the World Wars and later stock depletion during the 1970s, the world price of sugar has been consistently low and volatile (Fairtrade Foundation, 2013, p. 11; Mahler, 1981, pp. 475, 476, 482, 483). As Borrell notes, low prices resulted in a variety of protectionist policies for the developed country producers, which contributed to increasing European

[15] Such as by someone else's share of the market being reduced through their diversification away from sugar, or by being able to participate in or use the results of the project.

production and export dumping, contrary to WTO guidelines, which further depressed world prices, disproportionately impacting developing countries without such protections (Borrell & Duncan, 1992, pp. 173, 175). Both the preference price - through protection - and the world price - through dumping - have been artificially removed from the cost of production and even further removed from a sustainable cost. As long as prices do not consider the cost of production they cannot be considered fair.

The argument that preference should be disestablished in order to redirect funds to aid does not justify the removal of good faith trade bargaining, as is happening through this process. Higher prices do not automatically lead to development. However, equitable exchange is a necessary component for a successful and sustainable trade and aid development strategy based on partnership and producer empowerment, rather than enforcing entrenched power hierarchies.

### 3.5: Fairtrade as a trade and development mechanism

Fairtrade can contribute to resolving some of these concerns by separating the imperative for equitable trade terms from the imperative for development assistance, providing a combined, but not conflated, approach to trade and development. It challenges existing unequal exchange by redefining the relationship between producers and consumers to that of partners and emphasising equitable, sustainable trade. It empowers producers as decision-makers both at the local level and internationally by including producer representatives as key stakeholders in the global Fairtrade structure; Fairtrade empowers producers to be co-developers in assessing the minimum requirements, standards and prices of equitable trade. This allows the focus to genuinely be on the best interests of the producers within the model, and promotes a comprehensive understanding of sustainable trade that factors in multiple externalities when calculating the price. Directing equitable trade for the benefit of producers directly challenges historical bias towards the powerful and helps attenuate the disparity.

While most Fairtrade products have a minimum price, sugar does not. When Fairtrade International (FI) sought to establish a fair minimum price they were faced

with the global complexity and diversity of sugar production. Sugar is produced on both small and large farms, and in some cases the mills own the farms while in others the farms sell to the mills. In Fiji, the FSC and farmers share the proceeds of sugar sales. The vast differences in ownership, production practices and costs internationally prevented a minimum price from being established, although this is currently under revision in 2015 and remains a possibility for the future (Fairtrade Foundation, 2013, p. 15). However, Fairtrade sugar does receive an additional payment of USD$60 per tonne for the social premium, which is paid directly to the Associations in Fiji and is not shared with FSC.

The pooling of the social premium funds for development increases the potential of the funds, and does not detract from the individual earnings of the producers, as is the case with the diversion of preference funds to aid. The Fairtrade model ensures that the social premium funds are under the control of the community, so are targeted towards meeting their self-identified needs and equitably distributed through democratic processes. Local ownership also removes costly bureaucracy of top-down external assessment, and the risk of limited engagement by external "experts" (Chambers, 1997). This participatory model, joining equitable exchange with additional development funds, enables both targeted development projects and equitable incomes. It does not assume that development subjects are responsible for financing their own community development, out of their own incomes, without their consent as the reduction in preference price implies. That farming communities impoverished by a history of unequal exchange and coercion need some assistance is accepted throughout the literature. That this assistance is a form of justice, not charity, is a Fairtrade perspective.

**Change in Tate and Lyle contract and quotas**

Fairtrade International has created a set of buyer standards for businesses that purchase goods from Fairtrade Certified Producer Associations. These standards outline the minimum conduct required to qualify for the Fairtrade brand. The focus is on trading with integrity and emphasising partnership between the producers and the trader. It states that "unfair trading practices mostly occur in cases of imbalance between trading partners... most frequently at the expense of producers" (Hawkey,

2015, p. 37). The standards work to prevent unfair trading practices by holding traders to Fairtrade's sustainable development principles.

It outlines the traders' obligations to meet minimum price, social premium, pre-finance and risk-sharing standards. It requires the trader and producer to "define payment modalities that are fair and that will enable both parties to run their businesses sustainably...taking into account cost efficiencies and transactions" (Hawkey, 2015, p. 32). This means balancing the business needs of the trader with those of the producer, but also situating trade for the benefit of the latter and limiting the coercive power of the former. These standards developed to support the economic development of producers by providing security in trading relationships, contributing to stability and long term planning and investment and protecting against insecurities fostered by market volatility.

Despite established trader standards, Tate and Lyle have unilaterally changed the Fairtrade quota agreement with all Fairtrade sugar Producer Associations, including the LCPA and LtCPA. For the 2014/15 crop, Tate and Lyle are buying a significantly lower quota[16] and will only pay premium on sugar they have already sold under the Fairtrade brand, delaying payment (Labasa Cane Producers' Association, 2014, p. 5). This is in contrast to the previous arrangement where Tate and Lyle bought a higher quota and paid the premium when it took delivery of the sugar. The new arrangement benefits Tate and Lyle and disadvantages the Associations. It puts the burden of sale on Fiji and reduces Tate and Lyle's incentive to boost Fairtrade sales.

Tate and Lyle benefit from continuing to use the Fairtrade brand and can boast of corporate social responsibility for their Fairtrade retail sugar chain regardless of their actual sales and social premium return to Fiji. Under the former quota system Tate and Lyle bore the burden for selling the Fairtrade sugar, as it bore for selling any of their other stock. It is noticeable that the LCPA annual report states that Tate and Lyle have made this change, implying limited consultation with the Associations and indicative of the power imbalance inherent in conventional trade relationships, which Fairtrade is attempting to challenge.

[16] LCPA's quota has been reduced from 30,000 tonnes to 13,000 tonnes (Labasa Cane Producers' Association, 2014, p. 5).

In this situation, the buyer has a monopsony; Tate and Lyle has alternative buying options and can continue its business with or without Fiji. Tate and Lyle has Fairtrade contracts with Belize, the world's largest producer of Fairtrade sugar, as well as Guyana and Jamaica (Ambergris Caye). It has made the same changes to the terms and conditions of all of its Fairtrade suppliers; reducing the Fairtrade supply quota and changing to payment following retail sale. Despite the fact that both trader and producer have equal rights to terminate the contract if it is not negotiated in good faith, the balance of power continues to rest with the buyer.

Tate and Lyle has invested significantly in Fiji and has an ongoing interest in purchasing Fijian sugar to see that investment realised. However, its Fairtrade contract, made with the three Associations, is separate from its purchasing agreement with FSC; its sugar supply is secure regardless of whether it is Fairtrade certified. Furthermore, Fiji is currently bound by its long term contract with Tate and Lyle, which expires in September 2015, disallowing Fijian producers to seek alternative buyers for their 2015 crop and maintaining the unequal exchange relationship. The Associations must work with FSC to secure Fairtrade sugar contracts, since buyers take delivery of the sugar from FSC, limiting producers' direct negotiating power in the market. Producers continue to bear the risk in this trade relationship.

The trader standard has recently been updated and now specifies that it does not support practices which clearly damage producers' capacity to compete or make it difficult to comply with Fairtrade standards (Hawkey, 2015, p. 37). This is consistent with guidelines from an EU Green Paper that defines unfair trading practices as including those which are contrary to good faith and are unilaterally imposed by one partner, potentially abusing a position of relative dominance and/or abuse of economic dependency, as appears to be the case here. The new section of the standard will come into effect on 1 September 2015 (Fairtrade International, 2015). As this is a recent development, it is not yet known whether this behaviour will be challenged by any of the producer organisations, or by FLO-CERT[17] itself.

Fairtrade International can suspend or revoke certification for those who fail to meet the standards. If suspended, the trader continues to fulfil existing contracts while working towards compliance. If decertified, the trader must immediately stop buying

[17] The body responsible for overseeing Fairtrade certification.

or selling products as Fairtrade (Fairtrade International, 2011a, p. 11). Decertification may threaten Tate and Lyle's reputation of social responsibility, however it would also significantly punish the producers who supply the Fairtrade sugar, as they would no longer be receiving the premium despite meeting the standards, until a new contract could be sought.

Regardless of whether it is challenged formally, the action of unilaterally altering agreements and drastically reducing the incomes of the Associations poses dangers to the perceived credibility of Fairtrade in Fiji and the recovery of the Fijian sugar industry. The changes significantly reduce the Associations' capacity to meet producer expectations nurtured by the precedent of previous years. This perception must be carefully managed in order to maintain the confidence of producers. While producers are overwhelmingly supportive of Fairtrade presently, previous disappointments from other bodies are still recent in their collective memory. Confidence may be replaced by scepticism and disappointment, or allegations of mismanagement. Such a loss of morale risks compromising productivity and social gains along with farmer motivation, and further dissuading younger entrants to the industry.

### 3.6: Comparative advantage

One of the directives of the EU Action Plan to support producer countries through the transition of European sugar reform, ostensibly to assist in development through trade and aid, is "the promotion of diversification" and "enhancement of competitiveness" (p. 190). These objectives are directly derivative of comparative advantage rhetoric. The deregulation of the European sugar market encourages all parties to shift towards efficient production of their best resource, which may include diversifying away from sugar. This equal field is an illusion that obfuscates the historical relations of these groups and their varied capacity to reallocate labour and resources. From a moral standpoint, Fiji was colonised and became a sugar-producing supply point, which entrenched poverty conditions while enriching the CSR and its shareholders (Narsey, 1979, pp. 97-99).[18] Legacies of this period

[18] Whilst fighting to retain the indenture system of Indian labour, which was termed "hell" (Moynah, 1981) because of the atrocious conditions and starvation wages, the CSR was selling sugar to the

continue to impact political and economic stability. Given the absence of self-determination in entering the industry, the suggestion that Fiji should diversify to rediscover its comparative advantage – likely tourism or fisheries – demonstrates the extent to which the economic sovereignty of developing countries continues to suffer direction from a distant neoliberal elite. The illusion of the level playing field ignores the significant advantages conferred on European producers to shift production as compared to their ACP counterparts. While Fiji should not be confined to the production of raw sugar, diversification should emerge freely from self-determination rather than be coerced by third party interests with their hands on the levers of international trade rules.

While diversification can reduce vulnerability to market volatility and increase opportunities, it should not overshadow the ongoing need for an equitable set of base standards to support primary industries. A product consumed as ubiquitously as sugar does not require the impoverishment of producers, and aiming for niche markets, value-added opportunities and new products should not normalise poverty-inducing extractive practices. The point of any reform should not be to make people leave sugar; we still need sugar. The point is to make sugar profitable so that producers are empowered, have secure livelihoods, and want to continue in sugar for their own benefit, not as a form of ongoing indentured labour because it is their only option.

Since preference began, Fiji's sugarcane-growing area has increased and spread into less suitable terrain with higher costs of production (P. Lal & Rita, 2005, pp. 21, 22). Despite previously being the third most efficient in the world (Mahadevan, 2009b), Fiji is currently a high-cost producer, with costs more than twice that of several other ACP producers including Swaziland, Zambia and Malawi (Chaplin & Matthews, 2005, p. 13). Several observers claim inefficiencies in all areas of the industry were allowed to flourish due to perceived security of a long term set market and price (Borrell & Pearce, 2004, p. 304; Chaplin & Matthews, 2005, p. 13; P. Lal & Rita, 2005, p. 23). Mahadevan refers to this as the incentive to "misallocate" funds to the

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inflated world market during WW1. Under these conditions the CSR was able to pay to shareholders an estimate of £5.7 million in cash and shares over a nine year period, (Narsey, 1979, p. 98). During this period CSR is describes as having "enjoyed the most spectacular monetary success in its history" (Narsey, 1979, p. 99). CSR's profitability continued until their exit, at which point they were paid again (Narsey, 1979, pp. 109-118).

sugar industry, rather than other industries, and frames such investment as an inherent mistake (Mahadevan & Asafu-Adjaye, 2011, p. 633). While these authors state that this is a multi-level problem, they use policy examples, such as land reform, special conditions for industry workers and disincentivising investment by firms, to support the claim rather than farm level inefficiencies. It may be that, despite the ongoing poverty and indebtedness of many farmers, the urgency for reform was lacking at the political and industry levels. Perhaps the high price contributed to stagnation at the policy level, which in turn contributed to reduced access to inputs at the farm level. However, as discussed in the last chapter, price is only one concern in the Fijian sugar industry; its decline has been complex and should not be oversimplified to this one dimension.

The position that the EU's preference system supported an increasingly inefficient industry since its inception in the 1970s places the focus on trade only and implies a cause and effect relationship. An alternative view would be that Fiji was experiencing an increasingly inefficient industry during decades of internal dysfunction within a recently independent country; of a highly politicised sugar industry (PINA, 2011, p. 5; Sugar Unit Office of the Prime Minister, 2011) where politicians were also union leaders (Singh, 2007). Indeed, having a secure trade environment during this time meant that trade could continue regardless of the circumstances, but to say that these things would not have occurred under a free market arrangement is to assume that such intimate identify-forming and emotive decisions are made only after careful consideration of market opportunities, which is naive at best.

That the sugar industry is becoming increasingly efficient in the wake of the loss of preference can similarly not be assigned the correlative outcome of EU trade decisions. Rather it reflects the disputes running their course and the recent commitment to the industry within the political sphere (Sugar Unit Office of the Prime Minister, 2011, p. 7), and the role of various industry stakeholders in acknowledging and remedying their own inefficiencies before pointing to others (The Sugar Industry Stakeholder Action Group Lautoka, 2012), in order to unify the industry. Even so, the belief that security has led to inefficiency is used to justify the removal of preference.

Rather than demonstrating a bias towards supported industries, increased sugar production under the incentive of protected conditions may highlight the extent of insecurity in other industries. Rather than criticising protections, a case may be made for protections covering a wider selection of export product sectors, internal consumption or even tourism. This is because the current use of comparative advantage rhetoric encourages competition through cost-cutting, the "race to the bottom", and ignores hidden costs of production that are not incorporated into the price, such as living wages or environmental protections (Fletcher, 2010, p. 98).

The incentive to invest in an industry with secure returns may highlight a lack of broader security in competing industries. It is well known that security is an important component of investment and development (Herrmann & Weiss, 1995, p. 6). Undermining security through restructuring is counter-intuitive to the EU's professed commitment to support development.

The subsidies for EU producers similarly encouraged increased production, allowing the EU to be the second largest exporter of sugar in the world (Chaplin & Matthews, 2005, p. 3). The reduced price from the reforms is anticipated to encourage shifts in the use of European sugar, such as to ethanol or switching to cereals, as the local industry has the mechanisms in place to shift between products to take advantage of favourable markets. Current estimates of flexibility could allow the EU to be an importer of sugar of up to 2.5 million tonnes, or an exporter of up to 4.5 million tonnes, creating further uncertainty in predicting future market fluctuations (News and Analysis, 2014a). The EU and Fiji have significantly different capacity to change production to suit markets (Gawander, 2013, p. 6), largely due to their disparate levels of developed infrastructure targeting product diversification. Part of the reason for this is that the EU only imports raw sugar under the preferential system (Chaplin & Matthews, 2005, p. 5). As a result, Fijian sugar is refined entirely in other countries since it has a guaranteed preference market for raw sugar, but not for refined sugar. By contrast, the EU has a built environment, and comparable access to resources to develop it further. The terms of preference have in this way disincentivised investment in Fiji and reduced Fiji's fluidity of resource use and opportunity compared to the EU (Serrano, 2007, p. 172). The pressure that the EU is exerting on sugar producing countries to diversify and seek their own comparative advantage must consider not only the products available, but the real opportunities to

do so, considering available resources and industry incentives, including within the more powerful countries.

Comparative advantage considers limited barriers to trade, such as physical access to markets, and concentrated and scaled production. Fiji, with its small-scale production[19], lack of refining infrastructure, distance from markets and spread out production, naturally has higher costs to bring its sugar to market, reducing its apparent comparative advantage. Reducing these permanent barriers through direct grants[20] and the Aid for Trade[21] scheme continues to posit trade disadvantage as a technical problem stemming from poor local management, while ignoring political barriers to fair exchange, such as power imbalances in negotiating agreements and the entrenchment of poverty incomes in primary products.

Sugarcane is a crop suited to Fiji (EuropeAid, 2011), while sugar exports from the EU are only viable with export subsidies (Chaplin & Matthews, 2005, p. 8). Due to domestic over-production of sugar, the EU exports an equivalent quantity to imports from the ACP and India. Due to the cost of subsidies to the EU on this exported sugar, some scholars calculate the cost of preference as inclusive of domestic subsidies, rather than only the transfer benefit to the ACP. They redefine preference as inefficient aid based on the entire cost to the EU of the current sugar regime, despite much of this being paid to their own producers. Such subsidies have cost the EU €802 million in recent years, while only providing ACP countries €450 million (Chaplin & Matthews, 2005, p. 16). Even in the 1970s, following establishment of the Lome Convention, the "mountain" of surplus sugar in the EEC was costing over a billion dollars in storage costs and export subsidies (Mahler, 1981, p. 485). In other words, preference is defined as an inefficient form of aid because imports displace domestically subsidised and produced European sugar. Redefining preference as aid obfuscates the EU's own lack of comparative advantage. Instead of diversifying into other areas where it has comparative advantage, the EU has created structural

[19] A relic of colonial organisation (Moynah, 1981).
[20] Such as through the EU Action Plan. Since the successful democratic elections in 2014, the EU has re-opened funding assistance to Fiji.
[21] The Aid for Trade scheme is a WTO-led initiative where aid is directed at reducing bottlenecks to trade for developing countries. Unfettered access to markets is assumed to contribute to development and poverty reduction. The scheme has come under criticism for aid funds being targeted towards WTO processes, and funding losses incurred through trade agreements, and for providing few, if any, positive returns to recipient countries. Such efforts have been described as "irrelevant at best, and very often harmful" (Warner, 2013).

reforms ensuring that all countries supplying the European sugar market have equal pressure to diversify, under the pretence of the free market. The EU has neither absolute nor comparative advantage in the production of sugar (Raworth, 2002, p. 2).

The establishment of the EPAs under the Cotonou Agreement will further reduce Fiji's bargaining power with the EU. The EU continues to act as a single block in the negotiations, but the ACP have been divided into regions. While this ostensibly means that the agreements can be specific to the needs of each region, it reduces the relative bargaining power of each group against the EU. The EPA requires Fiji to remove tariffs on the majority of European imports by 2023 despite the vast disparity in size between the two economies (European Commission, 2014). As stated previously, the EU has an economy 1400 times larger than the entire Pacific, and will continue to subsidise its agricultural producers. The liberalisation of Fiji's economy is insisted upon regardless of the loss of tariff revenue for the Government and the risk of displacing local production with cheap imports and the consequent impact on employment.

### 3.7: How Fairtrade responds to comparative advantage

Fairtrade recognises that appealing to comparative advantage does not address the inherent inequalities in the trade system, which favour the powerful. Farmers with limited access to resources and limited flexibility to shift between products are not competing on a level field with those who do. While highlighting the limitations of a comparative advantage approach to resource allocation will not reconcile this disparity, Fairtrade can contribute to raising awareness of these difficulties, and supporting farmers.

Raising awareness among consumers provides producers access to a growing niche market. Consumers can prefer producers operating under the Fairtrade brand. Despite only producing 0.3% of the world's sugar, Fiji exports 22% of global Fairtrade sugar and is the second largest exporter of Fairtrade sugar after Belize (Fairtrade Foundation, 2013, p. 16). This positions Fiji to benefit from the growing consumer interest in Fairtrade, increasing its market share. In the 52 weeks prior to 11 November 2014, Fairtrade sugar held 40% of retail sugar sales through UK

supermarkets (Fairtrade Foundation, 2015, p. 9). Sales of Fairtrade sugar have grown fourfold in the UK since 2008, assisted by Tate and Lyle's commitment to 100% Fairtrade retail sugar (Fairtrade Foundation, 2013, p. 23). However these sales dropped by almost 50% in 2014 (Chaudhary, 2014a). Global Fairtrade sugar sales have increased from less than 10,000 tonnes in 2006 to 185,000 tonnes in 2011 (Fairtrade Foundation, 2013, p. 22) and increasing to 193,829 tonnes in 2013 (Fairtrade International, 2014b). While market growth will not continue at such an exponential rate indefinitely, the continued significant growth suggests potential for further market access for Fairtrade sugar. The Fairtrade brand is becoming readily recognised with ongoing awareness campaigns and with products entering the mainstream market (Fairtrade International, 2014b, p. 18).

The direct assistance provided to farmers in terms of inputs and technical support, which will be discussed in *Chapters 4* and *5*, contributes to improving production efficiency and financial security. This support increases opportunities for farm level diversification and supplementary income, which can reduce the impact of market volatility on producers. This is not sufficient to level the field to a point where comparative advantage can be readily applied, but it does reduce the disadvantages that these producers experience.


**Data sourced from Fairtrade International Annual Reports 2002-2014**

### 3.8: The future of market security

ACP countries will maintain preferential access to the EU market in the form of duty and tariff free exports after 2017, which will continue to benefit them when compared to non-preference countries. However they will be competing directly with subsidised European sugar in the EU and against a wider group of LDCs that have gained tariff-free access, forcing down the price. Furthermore the EU's potential self-sufficiency of sugar production is anticipated to reduce total EU imports by 59% by 2020[22] (Gawander, 2013, p. 9). For businesses that solely import sugar into the EU, such as Tate and Lyle, the loss of internal quotas and the anticipated reduction in prices puts them at a significant disadvantage against beet refiners, as they need to fulfil their import needs from tariff-free countries or be penalised via higher costs for sourcing imports bearing tariffs. This has resulted in Tate and Lyle investing significantly in Fiji's sugar industry to increase production, but also petitioning the EU to further liberalise sugar imports[23]. If the petitions are successful, such liberalisation would see Fiji and other ACP countries competing directly with large scale producers such as Australia and Brazil.

Despite the increased competition expected in the European market following the loss of quotas in 2017, the Fairtrade brand allows Fijian sugar to explore niche options in countries with growing Fairtrade markets. Fiji has also started exploring new market options in the Middle East and Asia (Fiji Times, 2015; Mathewsell, 2015). Acting Sugar Permanent Secretary, Parmesh Chand, points to Fiji's previous high production and sales outside the EU to encourage public confidence in securing these markets and maintaining the industry beyond 2017 (Chaudhary, 2015a).

Fiji currently has four diversification programmes using sugar as the raw material, including using the mills for electricity cogeneration throughout the year, ethanol production, special sugar packaging and sugar refining (Nasiko, 2015). Restabilising the industry and improving production, with Fairtrade's assistance, may allow these options to become genuine alternative income streams.

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[22] Despite this shock to exports to the EU market, other predictions by the International Sugar Brokers, Czarnikow, estimate that sugar demand will surpass sugar production for the next 30 years, assuring Fiji of a market for its sugar (Sugar Unit Office of the Prime Minister, 2011, p. 8).

[23] Tate and Lyle run the campaign "Save our Sugar" which alleges that the current industry restructuring unfairly favours domestic beet producers and refiners and discriminates against traditional cane refiners (Tate and Lyle Sugars, 2015a).

By establishing equitable trade rules coupled with targeted development assistance, Fairtrade offers an alternative approach to the liberalised conventional market, on which Fijian sugar will compete from 2017. Fairtrade is able to operate alongside this conventional market through the support of informed consumers who choose not to buy exploitative goods, but instead buy products that directly support producers. Fairtrade offers producers trade security by empowering them as agents within the model, setting minimum trader standards and offering access to niche products in growing markets. This offers security through alternative market options beyond the 2017 loss of quota, which may buffer Fiji against the low world price. The ongoing rise of popularity of Fairtrade products allowing for this demonstration also points to the limited extent to which conventional trade rules represent the will of the people in developed countries. These aspects of the Fairtrade model help to reduce the power disparity between trading partners.

Fairtrade also secures a channel for development funds without encroaching on the gains of equitable, sustainable trade. Fairtrade promotes development assistance which is separate to, but offered in conjunction with, equitable trade options. While an improved trade environment is not itself sufficient to re-establish the viability of sugar farming for producers, is does ease pressure on the financial burdens they face. The stability of the trade market affects confidence in the industry and has a real impact on farm and industry level investment decisions.

The following two chapters present the results of the fieldwork component of this thesis. The next chapter will focus on the specific assistance that the LCPA and LtCPA provide to farmers, its impact and farmers' perspectives on this assistance.

## Chapter 4: Productivity focused Fairtrade Assistance and Outcomes for Sugar Farmers in the Labasa and Lautoka Cane Producer Associations

*"Each and every farmer has been helped by Fairtrade. Big, small, everyone is helped"*

*– Labasa Cane Farmer*

### 4.1: Introduction

As outlined in the previous chapters, farmers in Fiji have experienced tumultuous changes and challenges in the sugar industry and trade that have been largely beyond their control. These circumstances have drastically reduced production and undermined farmers' livelihoods and security. The drastic decline of the industry and loss of confidence had many people, including academics and the media, predicting its collapse. The introduction of Fairtrade has arrived at a crucial time, bringing with it financial and technical support and offering hope in the industry's renewal among farmers. This chapter will present research findings on the use of Fairtrade social premium funds[24] by both the LCPA and LtCPA to improve productivity, efficiency and health among farmers; each of which contribute to improved livelihoods.

The Fairtrade Associations use the social premium to finance projects democratically determined by farmers. Both the LCPA and the LtCPA divide their social premium funds between assistance for producers and community support. Both also have an emphasis on improving the productivity of farms by providing inputs to farmers, assisting with land maintenance and improving agricultural practices. While the investments have led to productivity and security improvements for farmers, they continue to face challenges such as labour shortages, high wage costs and concerns about intergenerational continuity, which have not yet been addressed by the Associations.

This chapter will discuss some of the direct, practical assistance provided to farmers by the LCPA and LtCPA for the purpose of improving productivity. Not all initiatives created by the Associations will be assessed due to scope and space. The

[24] The social premium is the additional fund of US$60 paid to the Associations for each tonne of sugar sold as Fairtrade.

focus will be on initiatives that were frequently discussed in interviews and farmers found to be significant. It will then discuss producers' overall responses regarding the effectiveness of productivity improvement schemes and highlight areas of ongoing concern for farmers that remain to be addressed. The purpose of this chapter is to explore the varying views of farmers on the assistance provided, both positive and negative, to examine what impacts and changes this farm assistance has on the farmers' livelihoods. *Chapter Five* will address the social, indirect and intangible outcomes of participating in the Fairtrade system for sugar farmers in Fiji.

### 4.2: Financial capacity of the Associations

Despite both receiving a share of the social premium, the LCPA and the LtCPA have different financial capacity, which has implications for their ability to support and create a secure environment for farmers, and establish and maintain farmer confidence. The LCPA was created with larger starting capital than the LtCPA, allowing them to invest larger sums earlier on. The two regions also have different sized producer bases; LCPA has 3,961 registered cane growers and LtCPA has 5,105. During the decline, cane production in the two areas was comparable[25]. Comparing the LCPA and the LtCPA involves looking not only at the different approaches to social development and production as determined by the two farmer groups, but also looking at decisions made in LtCPA's financially constrained environment, relative to the better financed LCPA pilot project.

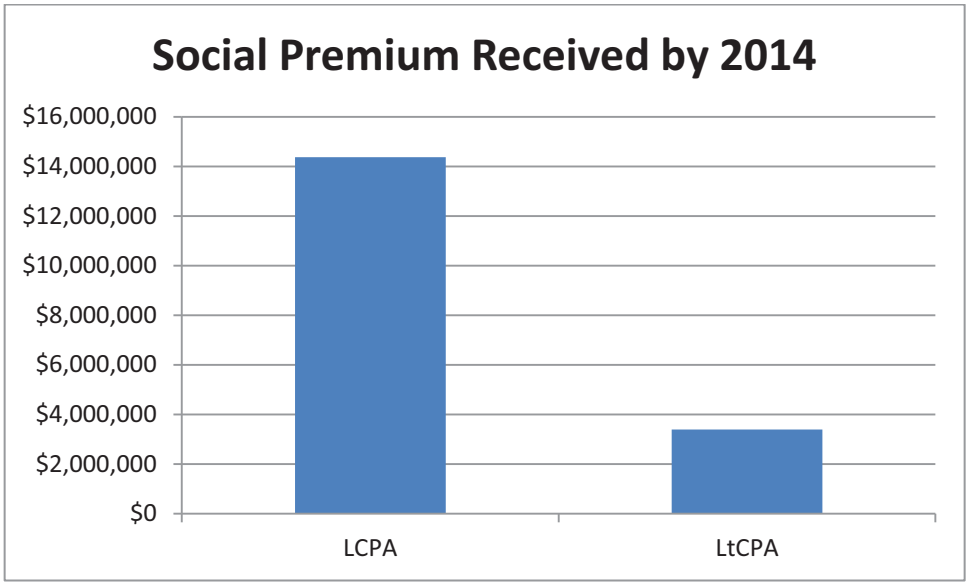
Tate and Lyle purchases a quota of Fairtrade-certified sugar from Fiji, based on the amount it could reasonably expect to on-sell as Fairtrade sugar on the market. FLOCERT audits wholesale purchasers to ensure they buy and sell the correct proportions of commodities under the Fairtrade brand, and that producers receive their equitable share (Fairtrade International, 2014a). When the LCPA was established, Tate and Lyle's quota of Fijian Fairtrade sugar was 60,000 tonnes. When only the LCPA was Fairtrade certified, the entire Fairtrade quota was purchased from the Labasa region and the entire social premium of US$60 per tonne was paid to the LCPA. In 2012, the LtCPA and the Rarawai Penang Cane Producers Association (RPCPA) became certified and, from 2013, began sharing in the premium (Lautoka

[25] See *Chapter 2.*

Cane Producers' Association, 2013). Dividing the premium reduces the amount received in each area. In the LCPA's first year of operation, it received FJ$6,062,461, which included a retroactive payment for the previous year, whereas in the LtCPA's first year it only received FJ$1,437,635. As such, the LCPA has had significantly higher foundation funds than the LtCPA.

Since 2011, the LCPA has received approximately FJ$14.3 million dollars from the social premium[26], (Labasa Cane Producers' Assocation, 2012, p. 39; 2013, pp. 40, 42; Labasa Cane Producers' Association, 2014, p. 5). The LtCPA has received a fraction of this at approximately FJ$3.4 million [27] (Lautoka Cane Producers' Association, 2013, p. 7). It is reasonable then, that the LtCPA will not reach the same level of achievement as the LCPA in the same timeframe. The financial constraints impose additional challenges on the LtCPA in establishing the visibility of its organisation, and weathering the consequences of the change in contract with Tate and Lyle and the reduction in EU market Fairtrade sales discussed in the previous chapter. The Labasa and Lautoka regions also have disparate access to resources and hold different demographics which influence the types of projects and assistance required by the farmers. For example, there is a higher rate of rural poverty in the North of Fiji (Labasa) than in the West (Lautoka), though the gap has narrowed in recent years[28] (Fiji Bureau of Statistics, 2012b). A higher proportion of homes have access to clean drinking water and electricity in Lautoka (Labasa Cane Producers' Assocation, 2012, p. 17; Lautoka Cane Producers' Association, 2013, p. 17). Labasa has a higher reliance on the resilience of the sugarcane industry.

[26] Calculated from the LCPA Annual reports 2012-2014. The LCPA is the single largest premium earning Fairtrade certified Sugar Producer Association in the world (Labasa Cane Producers' Assocation, 2013, p. 8).
[27] Calculated using income from 2013 and projected income for 2014.
[28] In 2003 the percentage of rural poverty for the North vs the West was 57%:38%, by 2009 this had changed to 51%:43%.




### 4.3: No one ever helped us before

Farmers belonging to both Associations professed overwhelming support for the Fairtrade system. They expressed gratitude for receiving support for things for which they had always paid themselves, and for inspiration provided through information and training. A common refrain from the farmers was "no one ever helped us before", or variations of "we get something now" and "it's very positive, very helpful". Farmers wanted it published that they appreciated and supported the system. While farmers also criticised aspects of management and fund allocation – amongst other things – these criticisms were made as a constructive response to improve an already successful system. Even the most critical participants stated that the system itself is positive, even if the implementation needs work. Only one farmer rejected the system, seeing greater value in simply being paid a higher price. However, even he had made permanent changes to his farming behaviour and was now committed to safer practices. The critique in this thesis is offered in the context of a system that is overwhelmingly embraced by farmers.

### 4.4: Productivity Assistance

Previous studies found that farmers under-utilised requisite inputs, balancing the expense against family needs (P. N. Lal, 2008, p. 14). Productivity support provided

to farmers includes inputs such as weedicide, fertiliser, safety equipment, harvesting tools, technical training, planting, drainage and farm access roads. This direct and visible support, in conjunction with initiatives from other stakeholders, has supported producers to increase the productivity of their farms and improve the health and safety of themselves, their workers and families. Improved productivity is preconditional to the recovery and security of the industry and farmer's livelihoods.

Other programmes have previously attempted to improve productivity in the industry. In 1999, an industry-funded Crop Rehabilitation Program (CRP) provided farmers with cash advances to pay for fertiliser and planting new cane resulting in improved yield per hectare from an average of 50 tonnes to an average of 61 tonnes. The scheme demonstrated that supporting farmers with access to inputs directly increases productivity. Productivity declined when the direct support was removed following the end of the scheme, and farmers once again could not afford the recommended input quantities (P. N. Lal, 2008, p. 110).

Like the 1999 CRP, the Fairtrade associations provide access to productivity-focussed inputs. Unlike it however, the assistance is not being provided on a one-time basis, but annually through farmer-led participatory structures that assess input needs in each season and so provide ongoing targeted support.

### 4.5: Weedicide, pumps and safety equipment

#### Shifting to a Safer Weedicide

Unchecked weed growth can reduce cane production by between 20-50% by competing with cane for soil nutrients and sunlight, and also making the cane more difficult to cut, increasing harvest time and labour costs for farmers (Labasa Cane Producers' Assocation, 2012, p. 20). As such, putting processes and assistance in place to remove weeds increases farm yields, improving efficiency and increasing relative returns to farmers. Both the Associations have initiated weedicide subsidy schemes to offset producers' costs in managing weeds. Both have also provided personal protective equipment (PPE) to protect the health of those applying the chemicals, and introduced safety requirements regarding storage of chemicals, disposal of containers, and application practices to protect against chemical

exposure. The LCPA have also provided knapsack weedicide spray tanks to assist with efficient chemical distribution.

Prior to the introduction of Fairtrade, cane farmers commonly applied the chemical paraquat, with estimated use rates of 20% of all farmers on Vanua Levu (Bower, 2012, p. 19) and 17.2%[29] of farmers on Viti Levu (Szmedra, 2001, pp. 91, 93). It is one of the more toxic weedicides (Szmedra, 2001, p. 93), which the WTO has rated class II, or moderately hazardous, and can be hazardous to the health of those both directly and indirectly exposed (Litidamu, Young, & Valemei, 2004, p. 72). It is prohibited by Fairtrade and cannot be used in the production of sugarcane for this reason (Hawkey, 2015, p. 42). Paraquat is also one of most commonly used means of attempting suicide in Fiji. Attempts involving paraquat result in death 60-70% of the time, which is significantly higher than other methods (Watts, 2011, p. 24). Simply removing access to paraquat has the potential to save lives (Watts, 2011, p. 25).

The LCPA and the LtCPA would not be able to achieve or maintain Fairtrade certification if paraquat continued to be used. In order to meet certification requirements, and support farmer and community health and safety, the Associations committed to a phase-out scheme, introducing alternative chemicals.

In the Labasa region, the LCPA committed to a three-year phase-out plan ending in 2015. It decided to provide free weedicide to farmers, allowing them to switch directly to alternatives without financial cost. It was provided at the rate of one gallon (five litres) for every 100 tonnes of cane harvested in the previous year (Labasa Cane Producers' Association, 2014, p. 18). The LtCPA also chose to supply free weedicide to all farmers at the rate of one gallon per 100 tonnes of cane contracted to their farm[30]. Offering free weedicide encouraged farmers' interest in alternatives, such as Amine, Glyphosate and Diuron. Both Associations provided the farmers with a voucher for the weedicide, which they could purchase through the Sugarcane Growers Council (SCGC) (Labasa Cane Producers' Assocation, 2011, p. 18; 2013, p. 20; Sugar Cane Growers Council, 2013, p. 15). Ongoing provision of weedicide subsidies by the LCPA after 2015 will be considered at a General Assembly meeting.

[29] This is calculated as 43% paraquat users out of 40% of the Viti Levu population using weedicide.
[30] Each farm has a contract with the FSC for how much cane they will grow.

The weedicide provision scheme is highly visible and all farmers interviewed in Labasa, and the majority of farmers in Lautoka, listed it as part of Fairtrade support or discussed it easily when questioned. Only two Labasa farmers reported the weedicide provision to be insufficient; they purchased additional gallons at their own cost. Farmers in Labasa reported preferring the new weedicide options citing effectiveness and less frequent applications, compared to paraquat. Farmers report that glyphosate kills the entire plant to the roots, whereas paraquat only kills what is visible of the plant and requires frequent application and manual removal of the dead leaves. They also remarked on the alternatives for their limited damage to the cane, and not spreading from the area to which they are applied. A few farmers were concerned about the potential consequences for cane production in subsequent seasons, fearing that newly growing cane shoots (suckers) under the soil may be affected without their knowledge, or believing that the new weedicide varieties were similar in harshness to paraquat. Recent concerns by the WHO over glyphosate being a probable carcinogen and the substance being subsequently banned in several countries reiterates the importance of effective safety practices, even for approved weedicides (Sirinathsinghji, 2015).

A regular complaint emerging from interviews with farmers in the Lautoka region was that the amount of weedicide provided is insufficient, as they require much more to complete their work. One farmer said that for his 155 tonnes of cane grown over 8 acres, he required three gallons of glyphosate and one gallon of amine. He said he purchased an additional $500 of weedicide in the previous year and that the significant weed growth on his farm was due to the regular rains. Another farmer bought a further three gallons at a personal cost of $129 and said he may need more depending on the weather. Another farmer producing 150 tonnes received 2 gallons of weedicide for free, but said he needs six. A previous study found that sugar farmers in Fiji use more weedicide than is optimal (Szmedra, 2001, p. 92), and another found significant variations in the quantities of weedicide used in different regions around Fiji (Litidamu, et al., 2004). This may contribute to explaining why some farmers, but not others, find the provision to be insufficient, and further training may be required. Other reasons may include the type of cane varieties used and uneven rainfall. Despite some reports of insufficient supplies of weedicide, a Sirdar in Lautoka reported that the provision had made a visible difference to the

landscape, as farms that were previously visibly overgrown with weeds were now clean and tidy following the provision of Fairtrade assistance.

LCPA has adopted a zero tolerance policy against paraquat and has a system of removal, where they will trade weedicide for any paraquat remaining on a farm if the farmer declares it, and discourage farmers from possessing any at all (Labasa Cane Producers' Assocation, 2011, p. 11). Paraquat removed from farms is returned to the Ministry of Agriculture (Labasa Cane Producers' Assocation, 2011, p. 15). Farmers found to be in non-compliance are suspended and lose access to Fairtrade assistance for one year, a high risk which deters ongoing usage; the LCPA achieved <1% non-compliance within the first year[31] (Labasa Cane Producers' Assocation, 2011, pp. 14, 16). Mr Mohammad Rafiq, the Acting President during my visit, also noted that there is a reduction of paraquat stock in hardware stores, reducing general access to the chemical. They are working with the stores in Labasa to phase it out entirely. Mr Rafiq attributed a perceived reduction in suicides in the region to the reduced availability of paraquat.

The LtCPA takes a more lenient approach to the paraquat phase-out, allowing farmers to keep it for use on other parts of their property. It strictly enforces non-use of paraquat on sugarcane, or to manage the cane, but it is allowed on personal gardens or for drain clearage. While the phase-out plan is noted in the 2013 Annual report, no statistics have been provided regarding compliance. From interviews, a number of farmers in this region have never used paraquat, and have now taken up the recommended chemicals. Others previously used paraquat, but no longer do so. Only two acknowledged using it on the wider property, such as the drains and, of those, one was unaware she was not supposed to use it on the cane, though she stated that she chose not to because of the risk of damaging the cane.

**Safety Equipment**

Weedicide chemical exposure can have both short and long term effects on health (Szmedra, 2001). Short term effects include headaches, rashes, blurred vision, shortness of breath and tingly fingers. Long term effects include systemic organ

[31] None of the research participants in Labasa reported using paraquat since the phase out.

disease and cancer (Szmedra, 2001, p. 93). Interventions to protect farmers' health, such as providing safety equipment and training, can therefore have both short and long term benefits when effectively adopted by farmers. The LCPA provides hand-gloves, masks, goggles and boots and the LtCPA provides chemical resistant respirators, safety glasses, hand gloves and gumboots (Labasa Cane Producers' Assocation, 2011, p. 17; Lautoka Cane Producers' Association, 2013, p. 8). Both Associations have implemented training to support farmers in the safe use, storage and disposal of chemicals and their containers, and correct use of personal protective equipment (PPE).

While most farmers in both regions did not report a direct noticeable improvement in health since using the safety gear, a few stated that they no longer experienced shortness of breath or itchy eyes, and that the chemicals had previously caused rashes or agitated their asthma, but these no longer occurred. Farmers discussed having a greater awareness of their personal health and were committed to wearing the PPE, even if it ceased to be a requirement. Even farmers who could point to no specific health improvements stated that it was beneficial to their health and they felt healthier knowing that they are being protected, and comforted that Fairtrade wants them to be safe. Farmers who used the equipment sporadically prior to Fairtrade stated they are using it regularly now, and replacing broken equipment when needed.

The majority of participants in Labasa who commented on the safety equipment were satisfied with the assistance and approved the purpose. A minority of farmers complained about the cost of purchasing PPE, as they must also protect the labourers and they say not enough sets are provided. Three farmers complained that they had not received some or all of the equipment. Despite the majority providing positive feedback, during the 2014 needs assessment, the LCPA found that only 30% of farmers were taking measures to handle chemicals safely (Labasa Cane Producers' Association, 2014, p. 19). This disparity between the rate of compliance reported in participant responses and in the needs assessment responses may reflect a dissonance between farmers' personal understanding of their own safe use of chemicals and the minimum expected standards promoted by the LCPA. Farmers are happy with their own improved practices, although the LCPA sees a need for further improvement. Part of this may stem from the high number of farmers who have taken up using adequate PPE for the first time and view this as a significant improvement, even if

their practices do not include the full range of LCPA recommendations. This may highlight an ongoing need for health-centred safety training, monitoring and evaluation.

Farmers in the Lautoka region are similarly supportive of the health and safety focus and the supply of PPE, with several farmers specifically stating that they had previously not used safety equipment. However, farmers complained that the supplied masks were not fit for purpose as they were too heavy and did not fix to the face easily, and smelled strongly of plastic in the heat of day. Some farmers opted to buy their own masks, others used a handkerchief tied around their face, and others wore nothing. Farmers who did not cover their face rejected the risk to their health. There was a notion that farmers have been using chemicals for a long time without safety equipment and it had not been a problem, so there should not be a need to wear it now. This view is consistent with previous findings that farmers often do not link their personal health problems with their weedicide use (Szmedra, 2001, p. 94).

The requirement was viewed by these farmers as a bureaucratically imposed burden, which was trivial, but necessary to obtain the other benefits. However since these farmers attempted to wear the mask and stopped because of the difficulties associated with it, providing a mask that is comfortable and easy to use may help these farmers to meet Fairtrade compliance and protect their health. Rejecting necessity can be a response to difficulty, and an attempt to justify non-compliance. One farmer who took no respiratory precautions said that the mask exacerbated his shortness of breath, making it too difficult to use, but justified not using any protection on the basis that he had been spraying without any protection since he was young. He had not discussed this breathing difficulty with anyone, and seemed to attribute the current health problems to aging, rather than considering the possible impact of prolonged chemical exposure or other causes. The 2013 Internal inspection found that 44% of farmers were complying (Lautoka Cane Producers' Association, 2013, p. 13).

**Weedicide safety**

Aside from exposure of the person applying weedicide, there is a risk of exposure for other people in the area, particularly during wind, and through containers discarded in the environment or stored within reach of children. The Associations require farmers to signpost when spraying to warn others in the area that it is happening, and to not spray within a ten metre buffer zone of the residence. They also require farmers to safely dispose of containers and not reuse them, and issue recommendations for storage.

Participation in these activities is mixed. Virtually no participants report using signposting when spraying weedicide and are confused about what kind of sign they should use, where they should get it from and what should be on it. Many of the farms had cane growing within ten metres of the residence, which poses an obvious temptation against compliance though we did not discuss this. The LtCPA reports 69% compliance with buffer zones (Lautoka Cane Producers' Association, 2013, p. 13). Some farmers feel that the new disposal requirements are inconvenient and time consuming, but say that they comply. Others say that there is no difficulty in correctly disposing of containers. The risk of children mistaking the colourful chemicals for juice is high and thus a strong motivation for farmers to store the chemicals separately from the kitchen if children are present in their homes. While farmers know to store these separately, the recommendation that a separate shed be built to house the chemicals requires personal expense from the farmers. It is not a requirement, only a recommendation.

In discussion with a group of three farmers in Lautoka, I was told that they reuse the containers for other things, including storing kerosene and drinking water. They insisted that they washed the containers first and they were therefore clean and safe for use, showing a lack of understanding about chemical risks. They admitted that empty containers are left in the open on the farm but blamed the LtCPA for their lack of farm inspections for the containers not being retrieved and correctly disposed of. They further rejected the expectation that they should build a separate storage shed, when the value of the free weedicides they received was significantly less than the cost of building the storage facility. The leader of this group, a former delegate, was disillusioned with Fairtrade following a personal dispute with members of the

Association over the shared cost of drainage, and a lack of communication and transparency regarding spending. His outright refusal to meet the requirements and encouragement of non-compliance in his gang represented resistance against a perceived disempowering outside force. He viewed the LtCPA as a top-down organisation requiring much from the farmers and giving little back. He felt bullied, and non-compliance was his means to reject his perceived lack of power, regardless of any value he may have found in the rules. Unfortunately this risk included the continuation of dangerous practices. Communication and transparency between farmers, delegates and the Associations will be discussed in *Chapter Five***.**

Other farmers felt that the requirements did not go far enough considering the high risk to life if accidentally ingested. One farmer, who was also a delegate, was frustrated by the lack of uptake for building storage houses. He believed that Fairtrade should make it mandatory to build a lockable storage facility, and enforce compliance. He felt that the normalcy of weedicide in farmer's homes made farmers complacent about storage. He stated that safe storage of chemicals benefits everyone in the community.

**Spray Pumps**

The LCPA provided free spray pumps in 2011 to assist in the application of weedicide following the discovery that some farmers were using leaky and poor quality sprayers, and others had no sprayer at all (Labasa Cane Producers' Assocation, 2011, p. 19). While farmers expressed gratitude for the provision, several complained that the sprayers were made of flimsy plastic that deteriorated and required replacing. Some farmers felt taken aback that they were expected to fix the pumps themselves when they broke, rather than being provided with new ones. The provision had only occurred in 2011 and several farmers were struggling with deteriorating pumps. Some suggested higher quality pumps should be provided, such as with brass fixings, or that the plastic ones should be provided annually. The LtCPA has not provided pumps, though one farmer mentioned that they were told at a meeting that they might receive them in the next year.

The expectation that someone else has responsibility for the pumps is indicative of the perceived lack of ownership of the funds. This is in contrast to their being provided through the collective decisions of the cooperative, of which farmers are a part. This may indicate limited participation, or lack of information, among these farmers. The local power disparity, which may contribute to this, will be discussed in the *Chapter Five.*

**Health**

The health of members of a community has wide ranging effects in the long term. When people suffer from poor health, they have reduced productive capacity, require medical care and medicines costing money, must often travel for care – sometimes over a significant distance for rural residents – and can require other family members to divert attention from other activities to care for them or to travel with them. Previous studies found that Fijian farmers who used weedicide had more than twice the annual family medical costs of farmers who used manual weeding only; FJ$821 compared to FJ$328 (Szmedra, 2001, p. 94). Requiring another person to not be in work or school, or to have a flexible schedule to be a carer, reduces their participation in other activities, diminishing their earning potential and deepening poverty. One farmer made this point clearly when he said: "When I get crippled, my whole family is crippled… if I collapse, my family collapses."

Targeting and reducing the exposure of community members to a regular hazard can reduce the costs, in both time and money, of treating illness, by reducing its incidence. If a farmer is prevented from experiencing shortness of breath, itchy eyes or induced fatigue, he can continue working for longer at a task. In this way, the long term benefits of an effective health and safety programme may be seen in the offset opportunity cost of associated illnesses, reduced health related expenses and increased productivity (Szmedra, 2001, p. 93).

Such benefits may only be realised if farmers are effectively engaged in context-specific relevant education campaigns to improve awareness of the associated risks of weedicides (Szmedra, 2001, p. 94); specific examples and evidence may be useful for those less willing to take the advice at face value. Both the LCPA and the LtCPA

have provided training for farmers regarding safe use of chemicals and PPE. The LCPA provided training workshops to Fairtrade delegates, who were expected to then pass this knowledge to the members of their gang. However, several farmers in the region stated that they had not received training or advice and had learned to use the weedicides themselves, such as by following the instructions on the container. The effectiveness of delegate-led knowledge dissemination will be discussed in *Chapter Five*.

Farmers in the Lautoka region were familiar with sector meetings where Fairtrade is discussed by representatives from the Association, and referred to these when asked about training. However, farmers who reported receiving training are low in the sample, suggesting that communication regarding meetings and limited meeting attendance may be inhibiting their ability to participate. The delegates play a smaller role in farmer education in this region, and discussing Fairtrade at gang meetings is less common as will be discussed in *Chapter Five.*

### 4.6: Fertiliser

Fertiliser is another input that directly improves the quality of the cane being produced, and thus increases farmers' incomes from their existing crop. Fertiliser must be used in conjunction with effective weed control in order that weeds do not co-opt the soil nutrients.

Farmers have been struggling with exorbitant increases in the price of fertiliser, which has been attributed by an FSC representative to the weakening of the Fijian dollar as components are imported. The price of fertiliser has increased from $19.50 per bag in 2003 (P. N. Lal, 2008, p. 41), to $45.59 per bag currently.

The government has implemented a subsidy of $14.09 per bag, reducing the cost to farmers to $31.50 (Sugar Cane Growers Council, 2013, p. 15). The LCPA has contributed to a subsidy of $5 for every bag, which was budgeted using the Sugar Research Institute of Fiji's recommended rate of 16 bags per hectare[32] (Labasa Cane Producers' Assocation, 2011, p. 19), further reducing the price for farmers to $26.50. The LtCPA has contributed a subsidy of $3 per bag for farmers in the Lautoka

[32] Farms average 4.5 hectares (Mahadevan, 2009b, p. 83).

region, reducing the cost to farmers to $28.50 (Lautoka Cane Producers' Association, 2013, p. 15). Fertiliser application rates vary depending on soil quality and whether it is applied to plant cane or ratoon cane. Farmers purchase fertiliser through the FSC on credit at the subsidised rate[33]. Despite the assistance from both government and the Fairtrade Associations, farmers say they need further help with fertiliser. Farmers tend to overestimate the cost of fertiliser, claiming that the subsidised price is above $30**.** However, even with the subsidised prices stated above, farmers have still absorbed a cost increase of $7-$9 per bag over the last decade; a 35.9% - 46.15% increase. Subsidies have mitigated the impact on farmers rather than nullified it.

Input costs are increasing even as the preference price is being dismantled; higher costs for reduced prices and thus smaller net returns per tonne. In order for prices of primary products to reflect the cost of production, they must also consider the cost of necessary imported inputs.

In the meantime, government subsidy shifts this cost of production to the Fijian taxpayer, and the Fairtrade subsidies are at the expense of alternative development projects for productivity and farming communities.

### 4.7: Supporting Planting and Drainage

Both regions have experienced a significant decrease in cane production over the last decade, including a significant decline in the number of hectares under production as many farmers have either reduced their crop size or left the industry. Directly enlarging the planting area increases the tonnes of cane a farmer can potentially send to the mill and thereby increases their income. Larger farms are more efficient than smaller farms due to the economies of scale[34] (P. N. Lal, 2008, p. 45; Mahadevan, 2009b, p. 89). Poor drainage leads to flooding, killing newly planted shoots and inhibiting access to harvestable cane. Improving drainage directly increases productivity of land in low lying areas.

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[33] The Associations then pay the subsidy to the FSC.

[34] Farms with greater than 6 hectares had net income of about FJ$1,000 per hectare, whereas a farm with less than 2 hectares had net revenue of about FJ$720 per hectare (P. N. Lal, 2008, p. 45). Mahadevan suggests that medium sized farms may have less technical knowledge about inputs, reducing their efficient application, and Lal notes that smaller farms lack the financial ability to employ recommended levels of inputs (Mahadevan, 2009b, p. 89).

**Planting**

Labasa's cane production dropped 50% in nine years so the LCPA committed FJ$1.7 million for a cane planting and drainage programme in 2012, which they have continued in subsequent years. The fund is allocated to farms via an allowance, initially $500 and subsequently reduced to $420, for work on one acre per farm. This allowance could be used for preparing land, buying seeds, improving drainage, building in-farm roads and culverts or to apply aglime[35]. In 2012, 47% of the fund was utilised to plant new cane, increasing to 82% in 2013. The 2014 drought reduced the expected rate of new cane planting, although farmers continued to utilise the fund (Labasa Cane Producers' Assocation, 2012, p. 18; 2013, p. 18; Labasa Cane Producers' Association, 2014, p. 20). In 2014, Labasa farms produced 544,353 tonnes of cane, an increase from 413,281 tonnes in 2012, and a harvest of 575,000 tonnes is anticipated in 2015 (Labasa Cane Producers' Association, 2014, p. 20). The scheme has a total cost of between FJ$1,056,210 and FJ$1,260,656 annually. The increased output of 131,072 tonnes in 2014 over 2012 corresponds to an increased payment to farmers of approximately FJ$11,598,561.28, based on the forecast price of $88.49 for 2014[36] (payment yet to be completed at writing).

This scheme is widely known and supported among the farmers in Labasa and was regularly mentioned when discussing production. One delegate explained that the planting assistance is a regular part of conversation among farmers, including at social gatherings. He said that farmers are excited and very interested in taking advantage of the opportunity and increasing their acreage. Farmers also boast that this initiative is what has inspired FSC to offer a similar planting grant of $600: "FSC are learning from Fairtrade; what Fairtrade is doing, same thing FSC is doing". Despite the FSC grant being available and utilised in Labasa, farmers more frequently discussed using the LCPA allowance to increase their yield. This may be attributed to preference for the Association or greater visibility of its scheme.

Despite the reach of this policy and stated results from farmers, several difficulties with the system emerged during interviews that offer opportunities for reflection.

[35] Aglime changes the PH level of soil, reducing the acidity which inhibits cane growth (Fiji Sugar Corporation, 2014).
[36] Calculated: (2014 production – 2012 production) x price paid to farmers. (544,353 - 413,281) x 88.49 = 11,598,561.28

Farmers could only be reimbursed for funds they had spent, which requires farmers to pay up front for services such as hiring a tractor or buying seeds. The LCPA coordinated with the Sugar Cane Growers Fund (SCGF) to make a revolving credit facility available for this purpose**.** However, several farmers viewed this as an impediment to the reasonable use of the funds, particularly as they have to wait for the shoots to grow to a minimum height to demonstrate the successful planting and be reimbursed. Increasing the time between work and payment burdened farmers who wished for a more streamlined approach. Such an approach would address farmers' personal risk in acquiring debt as several were concerned that if the cane shoots were damaged and not visible the farmers face repaying the debt, without increased yield.

One farmer pointed out that on a small farm with no area for additional planting and no current need for ratoon rotation, options for accessing the funds were limited. He did not require drainage and says that culverts were not available when he requested them. Another farmer stated that he only required a half acre to be planted and was given a half portion of allowance, when he felt he should have had access to the full amount of the funds and able to use half for planting and half for drainage. He said that the LCPA required farmers to choose only one input for the use of the funds, and no longer permitted mixed use.

These two dissenting farmers stated that their grievances arose from policy changes within the allowance. Previously, farmers were able to divide the funds between production inputs as needed, and culverts were available. Neither farmer was aware of the policy change when they enquired, nor knew the reason for the change. The democratic structure of the LCPA had allowed the need for planting support to be investigated and this policy implemented in the first place. The collective voice of the farmers had resulted in direct financial support to improve farm productivity. However that same network did not feed back to the farmers the practical experience of LCPA staff in implementing the policy or streamlining it. According to the 2014 Annual Report, LCPA continues to provide culverts under this system, so the farmer may have been mistaken that it was a policy change, rather than a temporary unavailability, or an individual misunderstanding. However the disruption highlights the need for effective communication channels, and opportunities for member feedback.

The policy can therefore be seen as successful insofar as it met the intention of supporting farmers to increase production, but limited insofar as it potentially underutilised the Fairtrade communication networks to engage farmers in reviewing results before making changes, or clearly communicating to farmers the practical limitations of the policy.

FSC implemented a similar program in 2013 as part of the Sugar Industry Action Plan (SAP), using a revolving credit fund provided by government and administered through the Sugarcane Growers Fund (The Sugar Industry Stakeholder Action Group Lautoka, 2012, p. 15). An FSC representative affirmed that FSC provides $1500 per farm to assist with planting of new cane to increase cane production. Farmers reported receiving $600 from this system.

In Lautoka, the LtCPA does not provide planting assistance and farmers refer to the government scheme, improved cane varieties and the current favourable price, rather than Fairtrade, when asked about planting cane. Cane production in Lautoka has continued on a downward trend, however the planting assistance from FSC has only been initiated since November 2013, and the LtCPA productivity assistance has only been established through 2013 and 2014. As such the results of these efforts are not yet known, but may be visible when the 2014 planting and tonnage figures are released.

**Drainage**

The LCPA scheme allows farmers to prioritise drainage over planting. By choosing to improve drainage, rather than planting cane, farmers are able to harvest and cultivate cane previously inhibited by water logging and increase per acre yield (Labasa Cane Producers' Association, 2014, p. 21). Farms have different drainage needs as low lying and flat farms face higher flood risks than those on slopes or in elevated areas. The scheme allows farmers to determine and prioritise their own productivity needs accordingly. In 2012 30% of farms opted for drainage, 12% in 2013 and 11% in 2014. An example of the effectiveness of drainage is one farmer who increased productivity from 20 tonnes per acre to 60-70 tonnes under this system. Another farming couple, who grow only 50 tonnes of sugar on their low

lying land, stated that flood damage reduces their yield to 20-30 tonnes, significantly impacting their income. Flood damage occurs during the planting and growing stages; cane is less affected when it is grown, but remains difficult to access for harvesting.

Farmers in Labasa who commented on drainage focused on its importance and expressed gratitude for having the ability to implement it, and for the improvements they have seen because of it. Some talked about their intention to take advantage of the opportunity this year. The Labasa response was positive with only two respondents commenting that greater focus was needed on drainage.

By contrast, a significant number of farmers in Lautoka complained about insufficient assistance with drainage from either the Government or Fairtrade. To assist with the drainage issue, the LtCPA initiated a drainage scheme in which farmers would pay 1/3 the cost of hiring a digger and labour and the LtCPA would pay 2/3. Drainage and culverts were installed in five sectors (of fourteen) in 2014, assisting approximately 2,200 farmers at a cost of $26,287.66 (Lautoka Cane Producers' Association, 2013, pp. 38-42).

Farmers talked about difficulties and disputes arising from ongoing drainage problems. Some farmers were frustrated that the drains were being cleared piecemeal, and that there were not enough funds to complete the sector. The problem of limited services undercuts confidence in LtCPA's ability to meet their promises. Drainage is an area that multiple farmers stated Fairtrade could improve on and is a key factor in improving productivity. Farmers suggested that the community project funding could be diverted towards this instead as a higher priority. Despite the financial assistance, some farmers are unable to meet their 1/3 share and are unable to have their drains cleared. This then disadvantages neighbouring farmers who rely on clear drains on adjacent properties into which the water subsides. The LtCPA creates efficiencies by digging drainage for groups of farmers together. There were concerns that farmers in areas with few farms could not access the assistance as individuals. Farmers had to arrange an agreed budget with the LtCPA in advance, indicating how much drainage they would pay for and, if farmers used the digger for a longer period to complete more of the drainage, it caused disputes with the Association over payment obligations.

The different approaches to funding drainage between the LCPA and the LtCPA may have contributed to producers' views on whether the scheme was successful and the assistance sufficient. LCPA did not have a specific drainage scheme, but included it as an option within a broader productivity scheme. The scheme was funded in full and did not require financial buy-in from farmers, but did require farmers to secure pre-financing in order to pay upfront costs. Farmers were free to increase the size of the input using their own funds in the knowledge that they would be reimbursed to a maximum of $420. The maximum was budgeted for all farmers, guaranteeing access to the funds should a farmer choose to utilise it. The wide use of the successful scheme made it, and Fairtrade, highly visible.

The drainage scheme set up by the LtCPA differed in several ways. It was specific to drainage, rather than having a general productivity fund that farmers could choose how to spend. There were insufficient funds to budget drainage works for all farmers, placing farmers in competition with one another over resources and limiting the extent to which the work could be completed. Due to the limited funds the drainage had limited roll-out. Farmers who received assistance without difficulty were pleased, while those who applied but were not assisted questioned the management of the funds and the selection of recipients, implying corruption and cronyism. Instead of the largely positive and blanket visibility experienced in Labasa, the limited scope of Lautoka's project opened the Association and Fairtrade up to criticism and scepticism from the members. The LtCPA's limited funds, compared to the LCPA, pose difficulties when attempting large interventions such as this. However, communicating a clear plan for the order and prioritisation of drainage, within the bounds of the limited budget and approved by the AGM delegates, could ease the tension and prevent disputes from escalating. The networks for communication are already available. The importance of communication will be discussed in the next chapter.

### 4.8: Intercropping and trash conservation

Farmers in Labasa report receiving information about intercropping through Fairtrade. Intercropping is a farming method where nitrogen fixing leguminous plants are planted alongside the sugarcane. This helps to balance nutrients in the soil,

limiting the amount of fertiliser required and providing farmers with additional output for consumption or sale for supplementary income.

Lautoka participants did not report learning intercropping through Fairtrade[37]. Several of the farmers had been practicing intercropping prior to Fairtrade, however most of these had stopped doing this because the weedicide kills the plants. Lautoka farmers that continue to intercrop also plant corn, which is discouraged by the Sugar Research Institute of Fiji (SRIF)[38] because it leeches nutrients, rather than replacing them, and is not beneficial for the cane. One farmer said intercropping had been discussed at a meeting, but it had not been demonstrated on any farm that he was aware of so, while he was interested to learn, he had not adopted it. Vegetables grown by through intercropping in Lautoka are typically used for personal consumption, rather than additional income.

There were additional obstacles to employing intercropping in Lautoka. Several farmers reported experiencing theft and cited this as the main reason not to intercrop. Some, however, chose interior patches of cane for intercropping, in small quantities for their own consumption. Since intercropping is supported by the LtCPA, the lack of knowledge among participants highlights the need for further promotion and training.

Labasa farmers did not find weedicide to be a problem for intercropping. They explained that they timed vegetable planting and harvesting around the weedicide and used low quantities without difficulty. They were also taught about the impact on soil quality and to avoid planting corn. One farmer mentioned that he could not intercrop prior to Fairtrade because the old chemicals were too strong, but the new chemicals that have been provided do not kill the plants. Another farmer mentioned that they have been trained to dilute the chemicals further than previously, and they are still effective.

The LCPA annual report also states that farmers are being trained in the use of a technique called trash conservation. This technique involves laying the cut leaves of

[37] The Fairtrade Coordination Unit (FCU) of SPC did provide intercropping training for farmers in Nawaicoba, near Nadi, in June 2014. The day had good turnout with more than 140 farmers (Chaudhary, 2014b). Participants in this study did not reference this however.

[38] The Sugar Research Institute was established in 2006 to focus on improving sugarcane quality to increase yields. They research new varieties, input balance, and intercropping (EuropeAid, 2011, pp. Annex: 7, 11).

the sugarcane on the ground between the plants, where they dry, creating a natural weed mat. This blocks sunlight and limits evaporation of moisture, stunting weed growth and reducing the amount of weedicide a farmer needs to manage the crop. This technique was visible on multiple farms around the Labasa region and the annual report for 2012 stated that 29% of farmers were using this technique (Labasa Cane Producers' Assocation, 2012, p. 12). However, no farmers mentioned this technique when questioned about training or changing their farm practices in either area.

### 4.9: Child Labour and Labour Costs

The majority of participants were raised on the farm and learned farming from a young age, although a number left for careers and returned later. This experience meant that having children assist on the farm was seen as a normal practice. Teaching farming to youth was important to farmers' sense of investment in their farm and contributed to their expectations about the continuation of the industry in the future.

Fairtrade requires that producers adhere to child labour laws. In Fiji, no one under the age of 18 may perform dangerous work, which includes spraying weedicide and cutting and loading cane (International Labour Organization, 2015, pp. 18, 19). Children are also required to be in school during school hours. The hazardous work rule does not prevent youth performing non-hazardous duties on farms. While these laws existed prior to the introduction of Fairtrade, enforcement was limited. Farmers therefore view Fairtrade as imposing these rules, rather than as compliance with Fiji's laws. Limiting youth participation impacts on productivity as farmers must hire labour, raising costs.

There was a common misunderstanding in both the Labasa and Lautoka areas of the law and restrictions. Farmers are largely unaware of the parameters of the law and believe they cannot have youth assist on their farm in any capacity. Despite this misunderstanding and the difficulties it poses, many farmers support the rule and emphasise a desire for their children to live safe and educated lives. However, they would like to see opportunities to participate in a review and reconsideration of the

rules, so that farmers can meet the intention of the law with the fewest disadvantages to both farmers and youth. Some farmers understood that children could assist in other capacities and told about having their teenage children operate the tractor, assist with planting or bring tea and supplies.

Farmers dispute the suitability of the law regarding age and question whether a lower age would be more appropriate, such as 15 or 16, to assist with harvesting. There are multiple consequences of disallowing youth to cut cane during the harvest season that concern farmers. Youth are unable to gain farm experience, reducing the likelihood that they will pursue farming careers; youth are unable to earn money on their school break during the crushing season so become more financially reliant on their parents; and farmers are forced to source additional hired adult labour, putting further pressure on a limited labour pool and contributing to high wage demands.

Previously, each farming family would contribute members to the harvesting gangs. But as families have become smaller, as members have migrated to towns and as youth can no longer participate in cane-cutting, farmers are forced to source hired labour. Farmers hire labourers from iTaukei villages, which may be nearby, or several hours travel away. The increased cost to farmers of employing labour, over often unpaid family labour and in some cases transporting them to the area, exposes the hidden costs of labour in the cost of production. Such hidden labour costs existed in the colonial period in the form of indentured labour, but continues under neoliberalism in the form of poverty incomes for producers, and unpaid family labour.

Participants report labourer wages ranging from FJ$13 per tonne to as high as FJ$20 per tonne, not including in kind provisions; an increase over the average wages in the last decade, which were FJ$9-$10.[39] Lal estimated the 2003 harvest rate at $13.56 per tonne, but included in this estimate the in-kind provisions (P. N. Lal, 2008, p. 40)[40]. Those without electricity and running water are paying higher rates, as labourers are less willing to work in these conditions.

[39] According to interview.
[40] In kind provisions include shoes, clothes, cane knife and file, a billycan for water and can include accommodation (P. N. Lal, 2008, p. 14). Participants explained that providing food and water alone costs up to FJ$600, in addition to wages.

There were approximately 9,600 cane cutters working in 2011, which is half as many as were employed in the year 2000 (EuropeAid, 2011). These shortages mean that harvesting wages are increasing at a higher rate than the price of cane paid to farmers, so are increasing the proportion of costs. Multiple farmers have stated that paying good wages to labourers is the best way to secure labour, and suggest that the social premium could be spent on a wages allowance. Some farmers report contracting prison labour through the department of corrections[41], and a few others hire mechanised harvesters.

The current review of the costs of production of sugar, for the purposes of installing a Fairtrade minimum price, must also take into account reasonable labour and harvesting costs.

### 4.10: Producer views on the impact of direct inputs on farm productivity

The above examples of direct productivity support demonstrate the potential of Fairtrade to increase producers' income and support their livelihoods. Farmers were asked whether they considered that Fairtrade had succeeded in improving the productivity of their farm and the industry, considering both the quantity and quality of cane. Quantity refers to a direct increase in cane planted measured in either tonnes or acres; quality refers to the sugar content of the cane. While farmers do not have a direct means to measure the quality, they perceive it based on their knowledge of ratoon cane rotation, improved husbandry and cane weight.

The overwhelming majority of farmers in both Labasa and Lautoka pointed to visible productivity increases, which they attributed to a variety of factors including Fairtrade. Increased planting through the LCPA allowance has directly increased newly planted cane and rotated out inefficient ratoon cane. They point to improved drainage, culverts and access roads allowing efficient delivery and reducing cane damage from floods. Reduced flooding and better roads also enable access to the farm for regular work, further increasing productivity. Farmers acknowledge that the subsidised inputs improved sugar content in the cane. Intercropping is acknowledged

[41] Farmers' reports vary regarding the cost to hire Department of Corrections labour, but report between $16 and $18 per tonne, in addition to transport. One farmer said that he is charged $37 for both labour and transport.

to improve soil quality, though is not emphasised as improving production. Its contribution to productivity is mostly by way of supplementary income and money saved in growing food for household consumption. Increased sugar content contributes to the improved tonnes cane to tonnes sugar (TCTS) ratio.

Farmers also spoke about improved production outcomes as an indirect result of Fairtrade assistance. The equipment and training that Fairtrade provided improved the quality of work being done by labourers. Some farmers have increased their personal investment on the farms as a result of improved financial position following Fairtrade assistance, such as further increasing the amount of fertiliser and weedicide used on the land, increasing planting and hiring additional labourers that they could not previously afford. The increase in productivity also leads to greater value assistance as farmers with higher tonnage receive more vouchers for weedicide, and more equipment. Farmers say they are more inspired to work on the farms as they feel supported in the industry and that their livelihoods matter; this greater support reassures farmers that their efforts are recognised.

Fairtrade input assistance allows for farmers to service both farm inputs and other expenses, allowing for increased investment, personal saving and debt reduction. It increases farmers' control of their finances. Increased financial security boosts farmers' confidence to plan, and also allows others to be confident in farmers' ability to meet obligations. This has restored farmers' access to credit institutions such as the Fiji Development Bank, which is "a big achievement for us". Improved access to credit has been noted in multiple studies of Fairtrade, which further increases producers' financial security and investment opportunities (Nelson & Pound, 2009, p. 13). Confidence in the industry helps to bolster farmers' own sense of security, and encourages investment in farms.

Planting assistance has also provided some farmers with the opportunity to plant new recommended varieties of cane. Some farmers are using the increased financial security as an opportunity to diversify production, such as into goat or rice farming. One farmer suggested becoming a landlord by investing in building a second house to rent.

Increased confidence in the industry as a result of Fairtrade, government support, improved mill performance and a historically high price are encouraging greater investment in farms with several farmers having recently purchased new farms.

One farmer likened the opportunities created by Fairtrade to a door opening to him. Prior to Fairtrade, he was very poor but, since it was established, he has been provided with much needed assistance allowing him and his family to progress with their lives. This farmer bought a second cane farm and increased his production because of the confidence that the price improvements and Fairtrade instilled in him. He also intercrops and is arranging a new goat paddock. He says the money he saves thanks to Fairtrade enables him to invest and generate more income. He is now very optimistic about the future.

Other non-Fairtrade contributions to productivity include the FSC planting programme and reduced queues at the mills, allowing many farmers to prepare their land and plant earlier. There is more time to dedicate to the farm prior to the rainy season. During fieldwork in January a few farmers pointed out that the fields were already planted, and weedicide already applied, which was earlier than previous years where there were delays due to long crushing seasons[42]. Farmers who previously experienced delays complained that the rainy season made planting difficult and washed away the fertiliser. Being able to plant earlier meant more efficient work, fewer inputs and a longer growing time to reach peak maturity before the next harvest. This opportunity coincides with the establishment of Fairtrade but is not attributable to it. However, it shows that overall improvements in the industry interconnect.

FSC is introducing higher yield cane varieties and becoming stricter on which varieties farmers can plant. One Labasa farmer stated that he loves the variety Naidiri, which produces 43 tonnes per acre, whereas he was previously producing 25-30 tonnes per acre under another variety. Fewer farmers in Lautoka, compared with their counterparts in Labasa, attributed increased productivity to increased cane planting, and those that did more often acknowledged FSC as supplying this support.

[42] FSC recommends planting fallow land in April/ May and replanting in late September to October. However when the crushing season (which begins in June) is long it delays replanting, particularly when the land must be prepared at least one month before planting (Fiji Sugar Corporation, 2014).

Farmers who reported no increase in personal productivity were a minority. In fact only one farmer among those interviewed in Labasa stated that his production had decreased. He was past the age of 80 and unable to maintain his former production of 200 tonnes since his sons had left home for professional work, and he was too old to personally work the farm. His farm included hilly terrain and he struggled to find labourers willing to harvest cane on it. Despite this, he supported Fairtrade and believes it helps farmers. Another Labasa farmer said productivity was neutral for his farm because he was already utilising all available land.

In Lautoka, six farmers said they did not see an increase in productivity. One did not see an increase because of the severity of ongoing drainage and flood problems resulting in three consecutive years of his cane perishing without being harvested, at significant personal loss. However, he is continuing to plant and plans to visit the LtCPA office to discuss drainage assistance. Another farmer stated that he had not received any assistance from Fairtrade, so this could not have increased productivity and he was struggling with labour shortages, a dispute with his Sirdar, and also arson against his crop. However, he was corrected by his wife who explained that his brother was the one who attended all the Fairtrade meetings and received the inputs for the farm. The two brothers were not on speaking terms despite sharing a farm and this brother was unaware of Fairtrade's assistance on their farm. A third farmer did not see improved productivity, but agreed that he was saving money as a result and that he had invested some of that money back into the farm. The fourth farmer was not receiving any Fairtrade assistance and was not sure why he had not been approached regarding the system. He was the only farmer in the study in this situation. The fifth farmer grew sugar in retirement and appeared to be financially secure; he was not concerned about the higher cost of hiring a mechanical harvester. The last participant to not see any improvement had been involved in a dispute and was not favourable towards Fairtrade at the time.

### 4.11: Other Sugar Farmer Concerns

#### Harvesting and transport

Farmers in both studied regions are struggling to source sufficient labour to harvest[43], often resulting in unharvested "standing" canefrom which farmers cannot profit but must maintain until the following season. The vast majority of farmers continue to manually harvest their cane with knives as very few mechanised harvesters are available. The mechanised harvesters are also limited to flat areas, and many farms include sloped sections or hills. Participants reported lorry transport costing between FJ$8.40-$15 per tonne, depending on the distance from the mill, and inflating to as high as $18 near the end of the season. The price also increases during the rainy season. Whereas Lal reported that, in 2003, the average lorry cost net of allowance was about FJ$6 per tonne (P. Lal & Rita, 2005, p. 30). The majority of participants used lorry.

The LCPA provided knives and files annually between 2011 and 2013, however this assistance was foregone in 2014 and the funds diverted to maintaining the fertiliser subsidy (Labasa Cane Producers' Assocation, 2011, p. 11; 2012, p. 8; 2013, p. 10; Labasa Cane Producers' Association, 2014, p. 7). The LtCPA provided knives and files in 2014 according to farmers. Farmers in Lautoka have commented that the provided knives were not of suitable quality to be effective in cane-cutting, and several bought their own. The issue of quality supplies has led several farmers to question whether the money spent on these resources could be better spent elsewhere, or if farmers could be given money towards these items, which they could buy themselves.

As yet, neither Association has committed to any scheme to remedy the labour or transport cost increases. Farmers have complained that labourers' wages are linked to the price of sugar. Labourers are aware of the increasing price, and demand higher wages on the basis that farmers can afford it; it is their means of sharing in the benefits of the industry. If the Associations were to offer a wages allowance, this

[43] Although Fiji also has rising unemployment and rural-urban migration, so availability of people may not be the problem when procuring labour (International Labour Organization, 2010, p. 4). Labourers perspectives on harvesting opportunities and incentives needs further investigation.

could potentially have the same effect of generating a sense of entitlement to this allowance among labourers.

FSC has stated its intention to take over the management of harvesting and delivery, removing this from farmer's responsibilities and cost burden. The proposal, outlined in the Sugar Cane Industry Strategic Action Plan (SAP), focuses on harvest mechanisation. The Strategic Action Group (SAG) estimates that currently 2-3% is mechanically harvested, although 34% of the crop could be. It is investigating a private contractor arrangement whereby machine operators take on contracts under specific terms and conditions with FSC and harvest specified areas or quantities. Such contracts could be extended to individuals, corporate providers or association-based machine pools (The Sugar Industry Stakeholder Action Group Lautoka, 2012, p. 46).

This proposal potentially has both positive and negative outcomes. The process of developing this proposal appears not to have involved stakeholder input, such as from the growers and labourers themselves. In line with previous criticism of the methodology of the SAP (Snell & Prasad, 2001), despite having grower representation in the form of a SCGC group member[44], the growers themselves appear not to have been consulted regarding harvesting problems and proposed solutions. Instead the SAG has designed a strategy and consultation is included to "ensure adequate levels of awareness and understanding"; a process of educating farmers about the decision after it has been made (The Sugar Industry Stakeholder Action Group Lautoka, 2012, p. 47). As such, the plan risks facing similar rejection as previous plans where the views of farmers have not been meaningfully sought or heard, and where action requires a change in which farmers have no choice. In 2003, the National Farmers Union warned that any attempt to unilaterally impose industry restructure proposals would be strongly resisted by farmers and the Union (Fiji Labour Party, 2003).

[44] Former Prime Minister and National Farmers Union (NFU) General-Secretary, Mahendra Chaudhry, has recently stated that "growers are completely sidelined and have no representative voice in the running of the industry." He calls for the Council to be allowed to function as an independent institution without State interference, and also for the reinstatement of a democratically elected SCGC Board to once again represent farmers at the industry level. Currently there are no plans to hold such elections (Chaudhary, 2015b).

The Prime Minister views the initiative as an effort "to relieve the canegrowers of the burden of meeting this high cost item" (Chaudhary, 2014c). However, the SAP states that mechanised harvesting contractors will be paid through the normal deduction process from farmers' bonuses; paid directly from FSC to the contractor (The Sugar Industry Stakeholder Action Group Lautoka, 2012, p. 50). Current rates for hiring mechanised harvesting and transport, according to interviews, are between $27-$35 per tonne; comparable to, but slightly higher than, hiring labour and transport. As such, this change may not immediately cut costs, but may eventually be able to offer some reductions through scale and competition as more contractors are brought in.

Under the Master Award, FSC is responsible for maintaining the rail network; previously the primary form of transport. However, mechanised harvesters deposit cane directly onto lorries. The share of costs would then need to be reassessed for farms under this scheme. There have been previous proposals to shift the 70:30 profit share in favour of FSC, which has been accused of encouraging lorries to shift this expense to farmers. This is a point of contention in an industry with a history of mistrust and blame between farmers and FSC. FSC is currently investing in upgrading the rail network to encourage farmers back to that system. However, if mechanised harvesters do not use rail it may mean comparatively higher costs for these farms. If a proposal to reduce farmers' costs does so by reducing their income, then it is not guaranteed to benefit farmers and may indeed disadvantage them.

The plan does offer a solution to the ongoing labour shortage and expense issue, which concerns many farmers. The labour shortages and costs are considered a major problem; multiple farmers have stated that the industry may be secured by resolving the labour issue. While farmers were not asked specifically about mechanical harvesting, some suggested that the industry should invest in this, and others prefer it only in lieu of manual labour as the machines damage the roots and do not cut low enough down the stalk[45]. As such there is a base of support for harvesting initiatives. However, the top-down method of the SAP is an obstacle to success and an example of the ongoing power disparity within the industry. The democratic structure of the associations, and the establishment of communication channels through cooperative subsidy schemes, such as the fertiliser provided through FSC, are opportunities for

[45] The sugar content of cane is most concentrated at the base of the stalk.

FSC and farmers to communicate and use participatory methods for assessment and decision-making. The needs assessment system, requiring gangs to meet and discuss their needs, could also serve as a mechanism for discussion and feedback on industry-level initiatives. Sector meetings, providing farmers with proposals that have scope to be adapted and changed, could be used as talking points and gangs could be asked to provide feedback within a timeframe. Feedback could then be used to assess alternative ideas, improvements and amendments to create an industry-integrated, participatory approach to resolving the issue. As yet, such feedback has apparently not been sought, so farmers' views on surrendering the autonomy of their harvesting practices to FSC are not yet known.

**Intergenerational continuity**

Another concern raised was the potential loss of intergenerational continuity on the farms. The majority of participants were near retirement age, with grown children. Their concerns were mostly focused around the younger generation's disinterest in farming; they are instead seeking professional work following completion of education. There is an expectation that farms pass along family lines and it is viewed as an investment in the future livelihoods of their children. Opinion is divided on whether farming is full-time work or can be part-time income for someone with a career, although such a compromise might encourage the uptake of farming without sacrificing other opportunities. While previous studies have found that 93% of farmers want their children to seek non-agricultural employment (Naidu & Reddy, 2002, p. 16), participants in this study expressed sadness, concern and resignation at the potential discontinuity of their farms. The value of the farm is as a going concern; security of ongoing income. If it is allowed to overgrow, the value is lost.

Participants attributed the lack of youth interest in farming to multiple factors including insufficient knowledge, lack of experience, volatile prices, high costs with low profitability, and lack of retirement support. Opinion is divided on whether improving industry security and higher prices would entice participation. Some farmers think that if the industry is secure then everybody will want to farm; others think that the industry will end regardless, so newcomers will not invest even if the terms appear favourable at the time.

A farmer made this point inadvertently when explaining that cane farming is the best profession and that farmers are rich. This farmer in Lautoka began farming after leaving school and has never had any other employment and now nears retirement. He enjoys the freedom he feels from being his own boss and being able to organise his own time and see the product of his own labour. During this conversation he emphasised the gross earnings of the farm, and the potential for greater gross earnings by increasing yield. He produces around 500 tonnes of cane. The gross earnings, combined with the farm assets and house, gave him a great sense of accomplishment and wealth, which he wanted to pass on to his son. However his son is employed with a steady, reliable income and is not interested in the farm. He then lamented that all the money he received is required to be invested in farm inputs, leaving very little net income for his personal use, and he said this is why farmers are poor and grown children are leaving, "they're all trying to pinch on us, we're a cow being milked, can't grow. But we are rich".

The LCPA and LtCPA do not currently have schemes directly addressing retention of young family members in the industry, although contributing to a stable environment may indirectly support this. The SAG is working on a retirement and new entrant scheme in which retiree farms can be upgraded, amalgamated and then passed to trained new entrants to the industry[46] (The Sugar Industry Stakeholder Action Group Lautoka, 2012, p. 70). The scheme serves multiple purposes including providing retirement income to farmers[47], increasing productivity of existing farms, preventing existing farms from waning following farmer retirement and offering financial incentives for new entrants. Participatory consultation with farmers may highlight other possibilities, such as assisting family members to obtain former family farms.

**Implementation of quality payment system**

Farmers are paid by weight of cane delivered to the mill and not by the amount of sugar the mill is able to extract. Since the early 2000s, FSC has proposed switching

[46] The farm would pass to the SCGF to manage until ready for a new entrant. The SAP notes that the TLTB would need to find a mechanism for transferring leases to the Fund and then the new grower (The Sugar Industry Stakeholder Action Group Lautoka, 2012, p. 70).
[47] Who do not qualify for superannuation through the Fiji National Provident Fund (FNPF).

to a payment method based on sugar content. It has investigated a method from Australia that uses Near Infra Red (NIR) technology; a "non-destructive" method of measuring sucrose in a sample of each farmer's crop upon entry to the mill (Dean, 2014). Quantity payments are believed to disincentivise farmers from focusing on high sugar varieties, instead planting those with increased weight. The proposed system intends to encourage farming practices that maximise sugar content, such as planting new approved higher sugar varieties, rotating aging ratoon cane, and planting multiple varieties that mature at different times during the crushing season[48].

While the mills have been running this system in parallel with the existing system to estimate payments, few farmers knew what the outcomes of the parallel tests were. The FSC website does not contain information relating to the trials, nor directs farmers to the results. An FSC representative explained that farmers could request the results.

When asked about this system, farmers expressed doubts. While several took a "wait and see" approach, and several others supported the intention of the new system, no farmers who commented on the system were confident about it and many hoped it would not be enacted. Farmers are sceptical about the security of their returns. They believe that this new system will disadvantage them.

Concerns about entering into a quality payment system have been present since the early 2000s, when the National Farmers Union (NFU) refused to agree to the system without other measures being enacted to resolve the series of inefficiencies in the industry, particularly in the mill and transport system for which FSC is responsible (Fiji Labour Party, 2003). The NFU pointed out the hypocrisy of asking farmers to improve efficiency, and instituting a mechanism to coerce change in farm practices, while the mills remained inefficient and unable to capture the full sugar content of delivered cane.

Farmers are primarily concerned about events beyond their control that reduce the sugar content of their cane which, under the new system, they may be penalised for. Such events include unintended burning of their cane, mill breakdowns and delays in delivery. There are also concerns that farmers need to provide a minimum quantity of

[48] Sugar has early-mid and mid-late maturing varieties that reach maturity throughout the crushing season.

three trucks of cane to be tested which may be beyond the capacity of some farms to harvest in a single day, increasing harvesting costs. Due to different varieties maturing at different times, this system benefits farmers who are able to harvest when their cane is at its optimum but, since they do not determine the order of harvesting, some growers will be disadvantaged.

A common concern is that the quality payment system will reduce farmers' share of profits, and several suspect that FSC will receive a greater share, further disadvantaging farmers as a group. However, this concern highlights a fundamental misunderstanding about the payment system; the proposal will not change the payment ratio. The only income shift will be from less productive farms to more productive, not to FSC.

Farmers are also concerned that, due to lack of experience and transparency with the system, they will not be paid the correct amount: "Whatever FSC tells us about our quality, we have to trust it." To allay ongoing suspicion of FSC payments, a gang delegate would like to see farmer representatives monitoring the system and thinks that the Fairtrade Associations could play this role.

Some farmers question the necessity of such a technical system, particularly when the TCTS ratio is improving and close to world standards. One farmer outlined a detailed proposal he had personally devised where each type of cane, and age of cane, is assigned a value based on FSC's assessment of the average sugar content of that type of cane. He says this would be easy for farmers to adhere to and would incentivise the changes sought by FSC; a cost-effective compromise.

An FSC representative dismissed farmers' concerns on the basis that quality payment systems have been successful in other countries, like Australia and Mexico, for years. He says these factors have been taken into consideration and built into the formulae to cover both miller and farmer. He points out that the current system has good farmers subsidising poor farmers, and the new system would benefit good farmers while encouraging poor ones to either improve or reconsider whether sugar is their best option. He says the farmers' fears are based on uncertainty, implying that they will dissipate once the system is implemented.

Some concerns raised by farmers, such as burning, mill breakdowns and transport delays, already reduce the payment to farmers; burnt cane carries a penalty that increases each day beyond burning, and cane left sitting slowly reduces in weight as it dries. Whether the new system would reduce the payment further is part of the information that FSC could provide. Other concerns, such as the order of harvest, need to be addressed at an operations level in concert with farmers. Improved communication could alleviate many of these concerns through both information and collaborative planning. Fairtrade, through its structure, offers an opportunity to act at the information and planning stages and secure an agreement on oversight and payment auditing, at least in the early implementation period. Since the new system has already been trialled for several years, the FSC has information about how farm income will be affected but, while farmers can request this, they have not received it automatically. The Associations could represent the growers to request the distribution of this information for informed decision-making among farmers.

Ultimately the concerns of both FSC and farmers align; both want to see maximum returns on their product. With the mills having been brought up to speed, it may be a more appropriate time to revisit the introduction of such a system. Only one farmer commented on meeting with FSC, and there is limited public information available about the system to allay farmer concerns. Other farmers said that the FSC Field Officer came to broadly explain the system, but that was it. If FSC can adequately communicate with farmers and provide appropriate information to answer those concerns, as well as genuinely consider and incorporate feedback, then this system may be effectively implemented.

### 4.12 Conclusion

The LCPA and LtCPA have identified key productivity needs and established schemes to support them. These schemes have contributed to increases in both the quantity and quality of cane and are visible to farmers. Despite concerns regarding equipment quality and feedback, the overwhelming response of participants was that Fairtrade assistance is having a positive impact on their productivity, directly improving personal incomes. Under the Fairtrade model, farmers have increased access to farm inputs, and a direct reduction of input and maintenance costs.

Several ongoing concerns remain unaddressed by the Associations, but are being addressed by other industry stakeholders. While the action plan calls for collaboration, the methods are reflective of the previous disconnected relations between, and unequal power of, industry stakeholders. The Fairtrade organisational structure offers an opportunity for farmers to participate directly in brainstorming and decision-making processes. This creates an opportunity to integrate participatory development methods into wider industry planning and decision-making. Empowering producers to actively participate builds industry consensus prior to implementing projects, and also mitigates the power disparity between stakeholders.

The following chapter will explore the indirect outcomes of Fairtrade for farmers in Fiji. It will explore farmers' views of their position within the industry and on the Associations' ability to represent their interests to other industry stakeholders. It will also discuss farmers' changing personal relationships within the farming community since the inception of Fairtrade. It will also consider opportunities that are available to them now.

## Chapter 5: Indirect Fairtrade Outcomes for Sugar Farmers in the Labasa and Lautoka Cane Producers' Associations

*"No one should face problems with sugar farming here now" - Labasa Cane Farmer*

*"When they assist the farmers, that means they're assisting the industry." – Lautoka Cane Farmer*

### 5.1: Introduction

The imbalance of power between Fiji and the EU is paralleled in the power disparity between farmers and industry stakeholders further down the commodity chain. The inequitable division of power permeates industry planning and decision-making, potentially undermining the stated objective of working towards a stable and secure industry. Previous investigations have alleged that policy decisions have been made at the industry level without participation by farmers despite concerning them directly (Snell & Prasad, 2001). The introduction of the participatory development-focused Fairtrade model offers a tool to counteract this imbalance and empower farmers.

Farmers experience a variety of indirect support and opportunities as a result of participating in Fairtrade. Improved communication between farmers and within the industry as a result of the organisational structure improves farmers' sense of social support, community and representation. Participant responses followed related themes, such as farmers who strongly supported Fairtrade also reporting community cohesion, and farmers with perceptions of personal and industry security also perceived an improved position of power within the industry.

Farmers' views on opportunities increasingly available to them demonstrate the role of Fairtrade in securing livelihoods and empowering farmers by creating space for alternative choices. Other studies of Fairtrade cooperatives have emphasised the value of the intangible gains, such as security and confidence (Lyon, 2006; Nelson & Pound, 2009). In addition to opportunities and benefits to community, farmers in Fiji are experiencing a sense of validation and appreciation of their work, for what may

be the first time. Participants attributed increased motivation and renewed hope for the future to Fairtrade support, coupled with a favourable price. As discussed in the previous chapter, increased productivity is both a contributor to, and a result of, improved support and a greater sense of power and position in the industry.

Most farmers are supportive of social development projects benefitting the wider community, although there is wide variation in farmers' knowledge of these projects and in their expectations around fund distribution. These positive results are not homogenous, but their consistency demonstrates successful approaches and components that may be embraced and further utilised for the holistic benefit of farmer livelihoods and communities.

This chapter will explore farmers' relationships with FSC and the Associations, and the Associations' relationships with FSC to illuminate the distribution of power. This will provide the context for the discussion of farmers' perceptions of being represented by the Associations. Empowering farmers to actively participate in the industry, and to have confidence in their representation, is an important part of industry rehabilitation and protecting livelihood gains. From participant responses, connections can be drawn between farmers' perceptions of their representation and their overall perceptions of the industry, of their community and their motivation to work and invest in their farms. Following this discussion on farmer representation, the chapter will explore farmers' perceptions of the interconnectedness of farmers under the Fairtrade model and how this impacts their sense of social support and solidarity, and their support of Fairtrade's wider goals of community development through social projects.

These social outcomes are indicative of farmers' ownership of, and engagement in, the Fairtrade model. They enable a broader type of wellbeing for the farmers than merely increased productivity and income protection. Ownership of Fairtrade ensures that outcomes reflect the stated interests of farmers, further encouraging participation and strengthening farmers' social support networks. While Fairtrade is new to Fiji, strengthened social networks in other countries have developed into collective action, elevating producers in the commodity chain and their local economies (Nelson & Pound, 2009).

## 5.2: Industry relationships

### Farmers' relationship with FSC

Farmers recognise FSC as having a lot of power in the industry. It is the only purchaser of sugarcane; processes and sells the sugar; controls the funds entering the industry; and controls payments to farmers. It also provides access to inputs, credited items and agricultural extensions services (BASIC, 2014, p. 26). It plays a significant role in creating and disseminating industry information, and exercises control over aspects of production efficiency, such as rail transport maintenance, cart provision and timing, lorry queue management and mill operating maintenance. The historical lack of communication and transparency discussed in *Chapter Two* continues to underwrite farmers' distrust and suspicion of FSC (Sharma, 2015). Farmers have struggled to negotiate with FSC over matters of mutual concern, despite having been represented by strong unions and the Sugarcane Growers Council (SCGC). The recent mill efficiency improvements, reduction in queues, higher prices and recommitment to invest in rail benefits farmers, contributes to easing relations and rebuilding trust by partnering for mutual goals. However, farmers continue to have problems with FSC. A regular frustration is the structure of cane payments and the extent of deductions made from these payments. FSC also has control over discretionary payments, which are made between scheduled payments. In January 2015, FSC declined to make a discretionary payment that had been made in several preceding years and that farmers were expecting[49] (Chaudhary, 2015c). FSC's control over payments and deductions is indicative of the ongoing imbalance of power between it and the farmers, but which farmers hope to reduce.

Several farmers explained that they are not informed in advance of the amount that they will receive in their bonus, or the amount that will be deducted, making financial planning difficult. An FSC representative refuted this as farmers are informed of the forecast price, and know in the Master Award what percentage of the price is paid in each bonus, and this view was reiterated by an SCGC representative. The reason farmers struggle to predict their earnings is that the FSC sells rice, sugar and fertiliser to farmers on credit and then deducts the cost of these items from the

[49] Farmers in need of the funds were encouraged to take loans from the SCGF; 1000 farmers borrowed a total of FJ$811, 000 during this time. The FSC required the funds to finance planting assistance later in the year (Chaudhary, 2015c).

payments. From the FSC representative's perspective, because farmers know that deductions will be made, and what percentage of the forecast price will be paid in each payment, they should budget accordingly. This perceived predictability of the payments disconnects FSC from the practical difficulty of the system for farmers. Deducting whole payments happens so frequently that many farmers have come to expect it as an annual occurrence. FSC calculates the amount of cane a farm is expected to provide and will only give items on credit within the bounds of their ability to repay. It encourages farmers to space purchasing throughout the year, so deductions come from different payments. Excessive deductions are then blamed on farmers' poor financial management, rather than on a system that potentially disadvantages already struggling farmers.

Under the Master Award, farmers are paid in four bonuses. The first bonus is paid two weeks after cane delivery and is 65% of the forecast price. The second bonus is paid six weeks after the mill closes and is 20%. The third bonus is paid in March and is their share of all proceeds of actual sales up to 31st March, and the fourth payment is made to settle the account in October. Additional discretionary payments are usually about 5%, and are typically made around times of increased spending such as the start of school in January and Diwali. The Master Award allows FSC to make a conservative forecast that allows for the actual price to be around 15% higher. The difference is paid in the final payment (Sugar Industry Tribunal, 1989).

Many farmers prefer a single payment system, pointing out that any other product sold is paid for up front, and that other countries have single payment systems. Some view the loans they require between payments to be paying interest on money that is already theirs and should be available to them, but is not: "When they hold our money, they don't pay us interest." FSC effectively uses farmers' share of profits as liquidity between payments, but farmers must take loans to do the same.

The payment system is set under the Master Award and can be amended by the Sugar Industry Tribunal ("Sugar Industry Act," 1984, p. 34). Farmers would like to see this opened for discussion and to participate in considering alternative options.[50]

[50] The Government has since committed to reviewing the Master Award, and at the time of writing, such consultations have just begun (Chaudhary, 2015f).

Alternatively, and more urgently, farmers suggest that a payment plan that allows them to spread the cost of deductions differently over the payments, and allows them to ensure that money is available for personal needs, would greatly alleviate financial constraints. Currently there is no negotiation with FSC or flexibility of payment options: "We can't challenge the deductions, we can't tell them to stop if there's no money left."

The bonus and deductions structure is designed to ensure that money is available to fund farm inputs. One farmer in Lautoka carefully described the order of payments from FSC; each payment corresponds to a set of expenses. He viewed the payment system as being weighted against farmers, set up to prioritise financing production of cane, rather than paying the farmers who are "…always in debt, always, never out of debt"; another reaffirmed "…they don't care whether the farmers get any money or not." Deductions are also made through FSC for any repayments and interest required on loans through the Sugarcane Growers Fund (SCGF), and also rent to the TLTB. When mistakes are made on deductions, such as overpayments to the TLTB, repayments can be slow, or instead the farmer is "credited" for the next payment. "Actually they're giving all the money to other purposes, cutting cane, land rent, fertilisers, and then they get money from molasses and tell us to prepare another year, tractors, lorries, planting. See, all of the money is going into the farm. Nothing we get, that's why we're getting poor."

This relationship between FSC and farmers epitomises unequal power as one party has complete control over resources vital to the others' livelihoods. The payment issue is an example of a structural roadblock to an equitable partnership because it maintains the inequitable power balance. Farmers understand the payment system and many commented that the requirement to repay credited items is fair, but the problem remains that the current system limits farmers' access to either needed goods or finances. Farmers highlight ways in which they would change the system and believe that the representational power of Fairtrade has the potential to make these views heard.

**Associations' relationships with key industry stakeholders**

In the process of establishing productivity support schemes the Fairtrade Associations have created communication channels with other industry stakeholders, including FSC and SCGC. These relationships have not only supported the provision of inputs for farmers, but also contributed to redefining the relationship between FSC and growers by facilitating improved communication, representation and trust, and asserting growers as partners in the project of industry rejuvenation. Representatives from both FSC and SCGC say that Fairtrade has played a significant role in improving communication between stakeholders, contributing to the vision of a united industry. They state that the organisations have a positive relationship with the Associations, and there is a sense of shared purpose. LCPA currently shares, and LtCPA has previously shared, office location with SCGC, which has reduced physical barriers to communication. An SCGC Senior Executive Officer in Labasa says he regularly discusses with the LCPA how to assist farmers.

The Associations have arranged to pay the fertiliser subsidy to FSC and the weedicide subsidy to SCGC. Information training programs, including intercropping, planting new varieties, health and safety training and soil analysis have been arranged cooperatively between the Associations and FSC, with representatives working together to meet with and educate farmers. FSC and SCGC representatives view Fairtrade as supporting the farmers, which in turn improves industry productivity and efficiency.

One of SCGC's key functions is dispute resolution. Farmers with disputes are able to contact SCGC, which will assess the dispute and arrange support for reconciliation. The Labasa-based SCGC representative stated that there had not been any disputes recorded between farmers and delegates. The SCGC representative in Lautoka said he thought there were a few complaints from farmers regarding the Associations, but when they are received they only pass them on to the relevant Association to resolve. Currently the SCGC does not provide dispute resolution for disputes between famers and the Associations, such as allegations of mismanagement. They say this is because one of the parties is not a natural person, so it falls out of scope of their activities, and the Associations should resolve these matters internally.

Successful relationship-building offers new opportunities for establishing further dialogue regarding issues affecting farmers, over which these institutions have control. It is a direct means of improving farmers' ability to participate in industry level decision-making, and ensuring that their perspective is considered before changes are made. There is also potential for further reciprocity among the institutions. Currently the joint commitments of the Associations and FSC support farmer training, but also support FSC receiving information about farmer knowledge, and enable the collection of soil samples for analysis. A potential future form of reciprocity could be the establishment of dispute resolution services, or provision of a third party mediator, for Fairtrade-related disputes. Whilst Fairtrade is a participatory tool that empowers farmers, the concentration of power within Associations also risks disempowering individual farmers within a collective when disputes arise. SCGC could assist in remedying this imbalance, and prevent the deepening of conflict or disillusionment where it may occur.

**Farmers' relationships with the Associations**

Farmers experience Fairtrade as both participatory and top down depending on the circumstances, and this affects their relation to the Associations and their expectations of them. During needs assessments and Annual General Meetings, the voices and input of the farmers are heard and used to draft and approve the budget and decide on projects; the process is participatory. During implementation of projects, the Associations fill the provider role, and the farmers that of recipients. Previous experiences with aid may also impact on farmers' expectations, such as that aid is controlled by someone else, or that they are at the mercy of donors. The Fairtrade Associations are both collectives of farmers and elected, organised, industry representatives of farmers. As organised centres, the Associations disseminate information about industry performance and Fairtrade support, as well as Fairtrade requirements. Elected delegates are the chosen conduit to relay information between gangs and Associations.

Gangs meet most often during harvesting and less during the rest of the year, if at all. The extent to which farmers have increased their frequency of meetings since

becoming Fairtrade varies widely between gangs and depends largely on the personal interest of members and the diligence of delegates. This structure plays an important role in developing community networks. Gang members typically do not interact directly with the Fairtrade office, though several have mentioned they are comfortable doing this, and instead rely on the delegate to keep them informed and to relay their needs to the Association. FSC also uses the gang structure to disseminate and collect information through the Sirdar.

Delegates have a range of experience and literacy, are not paid, and do not follow a set of minimum criteria. The delegate system has led to several outcomes. Delegates consistently had the best knowledge of Fairtrade when interviewed. Gangs with diligent delegates held more meetings, members had better knowledge, reported greater community cohesion and were more optimistic about the future of the industry. Those whose delegates performed poorly knew less about what Fairtrade was offering, knew less about the social projects, held fewer meetings, reported little change in their community and were more cynical about the future.

The Associations depend significantly on unpaid delegates as the nexus for participation in decision-making from below, and dissemination of information from above. If individual gangs are not meeting regularly, not discussing Fairtrade, or delegates not effectively relaying information, concerns or resources in either direction, it creates a bottleneck in the effective function of the Association and risks undermining the participatory model.

This bottleneck occurs in both Associations and is an issue that poorly represented farmers want to see addressed. Farmers have proposed a variety of solutions that target both the ways in which they receive information and how the Associations receive information from them. These include reviewing the way in which delegates are trained and expectations of their duties established, and creating a means by which farmers report directly to the Association when there are difficulties with poor performing delegates.

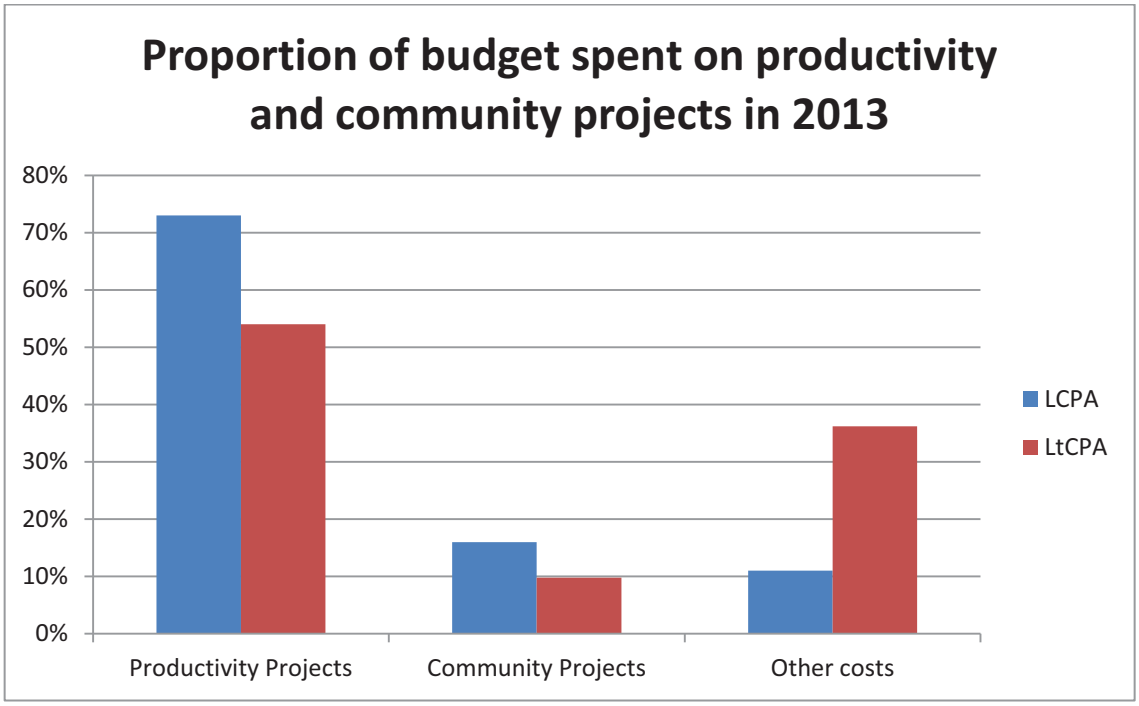
Farmers who are inadequately represented by their delegate feel alienated from the process and unable to participate. They propose that all farmers be welcome at the AGM and not just delegates; that all farmers be able to vote on proposals and have their opinions considered. The Associations prefer either the existing gang secretary

or president fills the delegate role. However some gangs' secretary and president are unwilling to absorb the additional workload, and do so only reluctantly. In some gangs, the secretary and/or president do not have a sufficient level of English literacy to feel comfortable in the role. Gang members in this situation point out that the gang as a whole needs Fairtrade and there are other members who are literate and capable who should be free to take on the role without impediment. In some instances, the delegate divides his[51] responsibilities with another member, such as a Sirdar or gang clerk, which can obfuscate responsibilities. Farmers agree that if the Associations provided training and support for the delegates on what their role is and what tasks they need to complete, there would be less confusion and more commitment among these poorer performing delegates. One farmer and former delegate stated that delegates should not have responsibilities and instead only paid members of Associations should be burdened with work.

Currently, the Associations only contact farmers through the delegate. Most participants would like some form of written correspondence, such as a newsletter. They said that a newsletter would benefit even illiterate farmers as most gangs have at least one English-literate member. Gangs also do not receive a copy of the annual report.

In addition to information relayed by delegates and word-of-mouth, farmers witness first-hand the productivity and social projects in their area. The visibility of Fairtrade assistance helps to keep farmers somewhat informed. However, the lack of a solid reference point for information also leads to misunderstandings, particularly around how money is being allocated. Because farmers receive inputs that have a visibly smaller value than the social projects, a common misconception among farmers is that a greater proportion of funds are being spent on social projects than is actually that case.

[51] There were no female delegates in the sample.




Data sourced from Labasa and Lautoka 2013 annual reports.

Disseminating full annual reports would be a costly endeavour compared to the current system, or a smaller printed newsletter. The value of full information dissemination must be weighed against the cost of distribution, and decided democratically. Communication breakdowns in gangs with poor performing delegates preclude the associations from learning there is a communication issue at all. Multiple participants would like to see a dedicated farmer liaison in each Association's main office who would oversee delegate obligations and whom farmers could contact with concerns or complaints about their delegate.

Delegates consistently held more knowledge than other gang members, as they are the ones who personally attend training and information workshops. Delegates choose how they will communicate this information to farmers. The most effective ones, from both their own and other gang members responses, use regular gang meetings to disseminate information and discuss things as a group. Less effective delegates rely on contacting each gang member individually, either over the phone or visiting individual farms. This method risks undermining the provision of information because it requires significantly more effort on the part of the delegate who must repeat the same information several times, this may reduce the information

provided to subsequent members. It also prevents discussion about the information as a group to ensure understanding.

An example of the consequences of poor communication is one delegate who spoke to farmers individually stating that farmers in his gang are not happy with Fairtrade because they do not want to follow rules when farming. He said he had a difficult time encouraging compliance among his gang for things like not using child labour and correctly using chemicals. He also admitted to withholding tentative information about future social premium spending from farmers, which he will not share until it is finalised. He appeared to be proud of his knowledgeable position and that he knew things the other farmers did not, and agreed that delegates are much more knowledgeable than other gang members due to their direct access to information. This example shows how lack of effective communication can result in farmers having limited social support, being reluctant to adhere to requirements, and being under-informed about Fairtrade initiatives. This then negatively affects farmers' sense of ownership of Fairtrade and faith in their representation. Farmers with strong delegates, by contrast, are more supportive of Fairtrade and the social projects, feel stronger as a community and are confident that they are well informed.

In Labasa, the majority of farmers knew who their delegate was. In Lautoka, most farmers knew that there should be a delegate, however fewer knew who it was and even fewer met with them. One man, who did not know who his delegate was, turned out to be the delegate,[52] and another Sirdar said that their delegate had passed away several years ago and not been replaced, though I was informed by the Association that the gang did have a current delegate. There is also confusion in Lautoka because the farmers refer to the Sector President as the Sector Delegate, and are uncertain whether their gang is also required to have a delegate. This demonstrates a limited understanding of the Fairtrade structure and raises questions about the ability of farmers in Lautoka to effectively participate in the LtCPA.

Farmers relate to the Fairtrade Associations as top down when assistance is being provided. Because the Associations commit to providing certain types of support, there is evidence that farmers expect this assistance to cover the full costs of provision and for the Associations to take full responsibility for it. It is viewed as aid,

[52] According to an LtCPA employee.

rather than results of a partnership, or from an organisation in which the farmers are stakeholders. This view is evidenced by farmers, mostly in Lautoka, complaining that the Associations do not provide enough weedicide and are disappointed that they need to continue supplementing their needs through personal expense. It emerges also in the response of Labasa farmers frustrated that they are expected to fix their own spray pumps and that these are not replaced, because they view the LCPA as committing to continually providing them rather than an initial provision only. It manifests in farmers' complaints in both areas about the need for yearly provision of adequate safety equipment, knives and files. The top down perception similarly applies to minimum requirements for certification in instances where farmers disagree or they are burdensome to implement, such as the prohibition on child labour or the requirements for storage and disposal of chemical containers. Farmers' resistance in this sense can be viewed as an attempt to reassert their power against top down elements and take ownership of how things should be organised.

### 5.3: Farmers' perspectives on the Fairtrade Associations' ability to represent them at the industry level

Since the introduction of Fairtrade, many farmers perceive that they have an improved position within the industry. This comes in multiple forms, including farmers feeling that other stakeholders have a new interest in their wellbeing, feeling better represented in the industry by the Associations, and seeing targeted industry changes for their benefit. This results in renewed optimism about their contribution to industry level policy-making and improved confidence to invest in the industry. Farmers attribute the improved position to better representation through Fairtrade, however some farmers also credit the Government's commitment to farmers and the industry. Fairtrade is a non-governmental organisation and is young in Fiji. As such it has the benefit of being unburdened with political baggage, unlike the predominant unions. Some farmers remain unaware of Fairtrade's non-governmental status and assume it is part of FSC and a government initiative to improve farmers' lives.

Farmers have a greater sense that their voices are heard as they are able to raise concerns and participate in recommending changes and investments that they can then see bear fruit in the form of farm and community investments through the

Fairtrade social premium. That they are being heard at the Association level contributes to the understanding that they are taken seriously, and that their interests are served at the industry level evidences the Associations' representative potential. Farmers commonly responded to questions regarding the position of farmers in the industry with comments that farmers are stronger relative to other stakeholders, like FSC, and more secure under Fairtrade.

Farmers believe that their overall negotiating power has increased through the collectivisation into associations. .They highlighted further areas where they perceive potential for an expanded role for the Associations. These include negotiation of land lease goodwill, establishing payment plans for FSC deductions, participating in political revision of the Master Award for single payments following cane delivery, improving the rail system, implementing a drop off system instead of queuing at the mills, addressing non-performance of the government-controlled Western Drainage Board, overseeing implementation of the quality payment system, and proposing FNPF access for self-employed farmers. This list demonstrates that farmers have a wide range of industry level issues, and they feel Fairtrade representation has the potential to advocate and negotiate on their behalf.

The benefits of Fairtrade participation also make farmers feel like their relative position has improved, because, as they often say, they have never before been provided with this type of support. Since Fairtrade was introduced, they have received support through Fairtrade as well as FSC; "I think our voices do go up, and that's why we are getting things." Farmers feel that the improved quality and quantity of cane bolsters their negotiating power and they can reclaim their position as active industry stakeholders. One farmer stated that, by improving the cane quality, farmers are working alongside other stakeholders towards improving the industry and this makes them partners. The emphasis on partnership and empowerment of farmers as partners is reflected in several statements that were made. Other farmers believed that the industry will be able to resolve the ongoing problems if Fairtrade and FSC work hand in hand. One participant made the pertinent point that farmers need to change how they viewed themselves, to overcome the perception of farmers as lowly, and redefine themselves as businessmen: "We're trading sugar, sugar is made here in my field; is this not business?"

Farmers who are also employed by FSC, such as drivers and machine operators, say they have seen the improvements within FSC from its close relationship with Fairtrade; the fertiliser subsidy, joint projects for husbandry recommendations, and improving quality and quantity of sugarcane. The Labasa mill field office has Fairtrade posters on the walls explaining the commodity chain and Fairtrade benefits. There are also LCPA stickers on the printer. The staff knew exactly what Fairtrade was and were supportive of it. The visibility and physical evidence of this relationship helps cement it for farmers and FSC staff alike.

Farmers who were previously suspicious of FSC withholding money or inflating expenses to reduce farmers' share of profits believe that, since Fairtrade, FSC is being held to account and they are being paid correctly. An example of this is farmer perceptions of the relative increase in the local retail cost of sugar: Farmers buy sugar for personal consumption directly from FSC, but the price that FSC charges them has risen at a higher rate than the price paid to farmers for their cane. These farmers believe that FSC is making a higher profit on the sugar than what it is distributing. However, since the price farmers receive has risen significantly since the inception of Fairtrade, it is being partially attributed to FSC being held to account and fairly sharing the profits. Fairtrade is also praised for improving transparency and accountability within FSC.

Beliefs about Fairtrade's influence within FSC are partly misperceptions based on the convergence of several beneficial factors. Investment in the mills has improved milling efficiency which, combined with the results of other farm and delivery improvements, have significantly improved the TCTS ratio resulting in the current high price. The visible improvement of the industry has coincided with the establishment of Fairtrade, even if Fairtrade has not been solely responsible. Correlation is being mistaken for causation. The improvements are credited to Fairtrade's negotiating power on behalf of farmers, bolstering farmers' position.

While the belief that Fairtrade is directly improving FSC's internal mechanisms and transparency is a misunderstanding of the role of both institutions, it highlights farmers' confidence in having their own non-political representative body comprised of farmers. Farmers believe that industry stakeholders listen to Fairtrade, and they already see the difference through visible inclusion and communication.

One of the reasons given for the effectiveness of Fairtrade representation is the difference in methods when compared to other top down representative bodies such as SCGC. Several farmers complained that SCGC no longer did its job despite taking a levy every year. They allege that it no longer provides dispute resolutions services, although this is not the case. They also allege that it is privy to payment information, but it refuses to share when asked, and is working for FSC's benefit rather than farmers, because both are under the Government. The Fairtrade participatory methods mean that farmers are asked what they need and want, so the Associations have a baseline of knowledge about what to focus on and how best to represent them. This consultation gives farmers confidence that it is their voice and interests being represented. Fairtrade is trusted to listen and follow through: "What they say, they do it." There is confidence that: "Fairtrade is for the farmers."

Industry level support and a dedicated system to support farmers give them a sense that others care about their wellbeing. Staff at the Labasa mill field office said they saw a visible change in the farmers; they are now more motivated to work, and seem uplifted with recognition and validation. This was also evident when participants spoke of their motivation to work; there was excitement and pride in their demeanour when discussing improvements in the industry and their place in it, and they were enthusiastic and wanted their positive story to be told.

A minority of farmers took a more sceptical view and did not believe they were being represented to the industry. One farmer, who was a Sirdar, pointed out that Fairtrade is only there for the farmers, to help them directly, it is not part of FSC so cannot influence it. He was optimistic about the work of Fairtrade but does not believe it can impact the wider industry. Another said that we cannot yet know whether Fairtrade is representing farmers to FSC, but we will see in the coming years. Two others agreed that there is potential, but the LtCPA is not yet able to represent farmers because of internal communication problems. Others said that Fairtrade should not be doing anything for which the Government is responsible, and that more government investment in farming communities is needed. During an LCPA community project meeting included in the fieldwork, the Board weighed up the role of the LCPA against the role of government and discussed the extent of its contribution in an effort to avoid duplication of any government role, but to also best

meet their community's needs. So the critique of potential overlap of roles is already known and considered within the LCPA.

Some farmers in both regions believe that Fairtrade is a government initiative, and that the entire industry is run by the Government. A Labasa group agreed: "Sugar industry is One. Fairtrade, Growers Council, Growers Fund, all this is one group, also Government Department, they're one body now." Fairtrade is viewed as one of a number of initiatives by which the Government is currently helping farmers. Some farmers of this view are grateful and emphasised their approval of the incumbent government. Others were distrustful and saw this perceived government control as evidence that farmers are still being exploited. Two iTaukei farmers, interviewed together, explained that if they are receiving assistance, it is probably being provided out of their own money; that FSC must be making more profit and using some as Fairtrade assistance rather than paying farmers a higher price. They are "taking with one hand and giving with the other." So while they agree that Fairtrade is helping them, they still feel that it is less than their entitlement because of ongoing scepticism or distrust of FSC. This statement reflects a commonly held belief that farmers are always the ones who pay a higher price, have the higher costs and always lose. When costs go up, it is farmers who are squeezed; when cane is flooded or burnt, the farmers bear the cost.

These mixed responses are present in both Labasa and Lautoka, although most farmers in Labasa recognised Fairtrade as separate from the Government, and more people in Lautoka did not know that they were separate. A contributor to this misconception may be that initial attempts to establish Fairtrade certification were made through SCGC. However, this fell through in 2008 due to the political disestablishment of the Board conflicting with Fairtrade's requirements of being politically independent (Bower, 2012, p. 15). Another contributor may be the expectation of farmers that the Government has a responsibility to support the industry, and that Fairtrade has been established during a period of rising political commitment.

Variation between the Labasa and Lautoka responses coincides with the visibility of Fairtrade. The LCPA has been operating longer, with more funds, has made a visible connection to farmers and emphasises delegate-led gang communication. The LtCPA

is newer, has had fewer funds available for projects, is less visible and more frequently uses sector meeting arrangements to communicate with farmers, where FSC representative are occasionally present.

The overwhelming finding from the research is that farmers consider that Fairtrade is directly improving their position within the industry, and is improving their opportunities for representation. This perception of improved standing is a reflection of the empowerment of farmers relative to other industry stakeholders. It enables a practical reduction in the power disparity at the industry level within the commodity chain.

### 5.4: Social projects for community development

Part of the social premium paid to Fairtrade cooperatives is dedicated to funding projects for community development. These projects are an investment in improving the quality of life of farmers, their families and local communities economically and in areas such as health, education and the environment. The projects are locally determined following democratic processes to meet local needs and priorities (Labasa Cane Producers' Assocation, 2011, p. 33). Each Association also determines what proportion of the social premium will be spent this way, rather than on productivity or other projects and expenses. The Board drafts a budget using feedback from the needs assessments completed by the gangs. The proposed budget outlining all spending, including productivity and social projects, is then presented at the AGM where it is voted on by the delegate pool and alterations are made. In some instances, the Associations will seek cost-sharing contributions from communities, additional partnership funding from outside sources, or pay the farmers' share of an outside funded project such as government-supported rural electricity generation. According to the annual reports, the Associations have financed and completed hundreds of projects since their inception. In 2013 alone, the LtCPA invested in 74 projects, and the LCPA invested in 161 projects (Labasa Cane Producers' Assocation, 2013, pp. 25-32; Lautoka Cane Producers' Association, 2013, pp. 38-42).

The projects have both direct and indirect benefits for the community. Projects such as bus shelters have the benefit of protecting people, including children travelling to

and from school, from the sun and rain, both of which can be intense. They also keep children in a single designated waiting area, stopping them from wandering along the road and reducing the chance of traffic accidents. Both of these things lift children's school attendance. Roadside drainage, walkways and bridge crossings also improve school access as children can travel more safely.

The LCPA, through the needs assessment process in 2011, found that 44% of farmers do not have access to clean and reliable drinking water (Labasa Cane Producers' Assocation, 2012, p. 17). With assistance from outside donors, including the Government and the University of the South Pacific's (USP) EU Global Climate Change Alliance (GCCA) programme, the LCPA committed to more than 40 projects extending drinking water to more than 3000 people, including farmers, their families, workers and communities, across multiple sectors (Labasa Cane Producers' Assocation, 2013, pp. 22, 23).

The needs assessment also found that 42% of LCPA farmers were without electricity in their homes (Labasa Cane Producers' Assocation, 2012, p. 17). The LCPA used the premium to pay community deposits for government-provided electricity projects where farmers cannot personally afford it (Labasa Cane Producers' Assocation, 2013, p. 23). Electricity in homes reduces household fuel costs and time spent on household tasks. It allows access to electronic devices including the internet, which improves communication and access to information. Refrigeration enhances household food storage, and also creates business opportunities (Labasa Cane Producers' Assocation, 2013, p. 23).

The LtCPA found a comparatively smaller need for water and electricity supplies with 27% and 11% of farmers respectively not having access (Lautoka Cane Producers' Association, 2013, p. 17). While some of these projects were funded, the LtCPA placed a greater emphasis on school support projects such as chairs for classrooms, computers, ablutions blocks and garden tools, making up the majority of projects in 2013. Other projects included road culverts, public ablution blocks, bridge construction and temple repair (Lautoka Cane Producers' Association, 2013, pp. 38-42).

In additional to the obvious advantages of clean running water and electricity to hygiene, health and wellbeing, families in an area previously without water and

electricity report not being able to find marriage partners for their sons as families outside this area were less willing for their daughters to move there (Labasa Cane Producers' Assocation, 2013, p. 22). As such, these projects support the social sustainability of families in these communities.

A temple in Labasa refurbished using Fairtrade funds, which was previously unusable due to disrepair, has become a community centre and has been used for training workshops by the Ministries of Agriculture and Health, and by the police department and the elections office for community information dissemination. It is also used by nurses from the Ministry of Health to run medical checkups every three to six months. This service includes providing blood pressure and diabetes tests and pap smears. This has brought access to these services to this area, increasing farmers' and their communities opportunities to seek preventative healthcare.

Another social programme in Labasa provides FJ$500 to farming families when they suffer a family death. This financial support assists with funeral expenses during a difficult time, providing peace of mind to those who could otherwise not afford such expenses.

In Labasa, the majority of farmers are aware of and support the social projects. Following expressions of support, farmers were asked whether this was the best use of funds, or if there were other ways the money should be spent. Many farmers who were supportive of the projects then suggested they would like to see a greater portion of funds spent on farms compared to the community projects; that projects are good and useful, but the farms are a higher priority. A few farmers who were sceptical about social project spending would like more transparency around the amount spent on farms compared to the amount spent on social projects. They emphasised that both are needed, although they should be balanced against changing needs and local priorities, and that the farms are the source of the funds so need to be supported.

Lautoka farmers frequently did not know what social projects were. Some knew what they were but did not believe they were being implemented in their area or did not feel that they directly benefitted from them. Delegates and gang Sirdars were more likely to know about the projects. Despite the lack of knowledge, farmers generally supported the idea of the projects when this was explained to them. The conflation of

drainage assistance with social projects led some farmers to complain about the unequal distribution of this support when asked about the projects.

Lack of written information, as mentioned above, has contributed to this mixed response. Farmers can see visibly expensive projects initiated in their areas that are comparably more expensive than their own share of premium fund assistance. The effect of pooling funds makes large projects possible, but also creates a misperception of the proportion of total funds being spent on them. Both Associations spend only a small fraction of the social premium on these projects; significantly smaller than is spent directly on farms. Knowledge that farmers are prioritised may further solidify farmer support for the projects.

### 5.5: Sense of community and social unity

While farmers in both Labasa and Lautoka noted an impact on their sense of community as a result of Fairtrade, there is a stark difference in perceptions between the two regions. While this difference may reflect local cultural differences and pressures, it highlights opportunities and challenges for the Associations. Impacts on community were noted during three lines of enquiry: the organisation of information sharing through delegates and gang meetings; social projects used by the wider community; and a direct question about their sense of unity and community. Farmers' comments reflecting attitudes about other farmers also highlighted either a sense of cohesion and unity, or of isolation and non-familiarity. There was a noticeable difference in these responses between Indo-Fijian and iTaukei farmers in both regions.

#### Individual sense of community and ethnic tension

The creation of associations, the impetus to have Fairtrade meetings, to elect representatives and discuss development needs has also contributed to improved solidarity within communities, noted by many participants. Such improvements give rise to an increased sense of security and collectivism that supports projects and farmers in a way that imposed programs do not.

Although farmers in both areas reported an improved sense of community, more frequent communication and strengthened support networks since the introduction of Fairtrade, the response in Labasa was more positive overall than in Lautoka. Farmers are more motivated to work together now that production is improving.

Participants who did not report an improved sense of community have a range of possible contextual reasons. Indo-Fijian Farmers who report no change in their sense of community are less likely to have attended meetings, have poorer understanding of Fairtrade structures and less knowledge of social projects. The iTaukei participants, though few in the study, are less engaged in gang meetings, and emphasise community support within their villages and families rather than the farmer network.

The sample of iTaukei farmers is too small to draw conclusions about the ethnic cohesiveness of farmers and this study did not investigate this specific issue. However, of the six iTaukei farmers interviewed, only one knew who his delegate was, had regular contact, had in-depth knowledge of Fairtrade and could point to specific social projects. This Labasa farmer was very excited about Fairtrade and stressed his absolute support for a system that was visibly improving his life. The other five iTaukei farmers were also supportive of Fairtrade and the farm inputs it provides, but four did not know who their delegate was, and one had been contacted by the delegate on only one occasion. Meeting attendance by all five was poor because they were not told about gang meetings. They were told about sector meetings but attendance was mixed. The three Labasa-based iTaukei farmers were supportive of social projects, though one stated they should be balanced against the needs of farms, which are still poor. The two Lautoka-based iTaukei farmers did not know what social projects were, but were excited about the idea once explained and immediately recognised the potential to help the wider community. One suggested that farms should be improved further and, once the farms were secure, then social projects could commence. These responses suggest that iTaukei farmers are not being actively integrated into farmer gangs and are less able to participate in Fairtrade, preventing board decisions from effectively representing their views. Further research could study ethnic integration and representation in the Fairtrade Associations.

The interviews did not specifically enquire about historical or ongoing ethnic tension, however the subject surfaced in several ways. As stated, iTaukei farmers appear not to be well integrated with Indo-Fijian farmers and seem excluded in the gangs, widening social distance between farmers. The only farmer to comment on ethnic tension at a personal level was an Indo-Fijian who said it prevented unity within the gang and caused him to take an individualistic approach to his work and success. This Lautoka farmer complained that it was difficult to meet with iTaukei farmers, that what was agreed at the meetings would not come to pass, and that he had lost faith in them. Another harboured resentment against iTaukei who, he said, had alienated other Indo-Fijians from land following lease expiry, and talked about incidences of violent and aggressive behaviour. An iTaukei farmer lamented that he had not wanted to remove an Indo-Fijian tenant from the land and had tried to negotiate a compromise with each farming a reduced section. He said the tenant was not interested and left, taking down the house. Some conversations with Indo-Fijian farmers included subtle derision of iTaukei farmers as lazy in general, and of their farms as overgrown with weeds. However, exceptions were made for specific iTaukei within a social network who were pointed out as being hard working and "different" from iTaukei farmers in general.

In other contexts, farmers spoke of multiculturalism in the community. Some farmers emphasised this, pointing out social projects such as a soccer field in Labasa, where all people play together and friendships are forged. Other farmers referred to their responsibility towards their iTaukei workers, although the power differential between employer and employee made this sentiment appear more paternalistic. These examples show how the social distance can influence farmers' perceptions of each other and reinforce tension, or alleviate it. When the "other" is distant it is easy to apply stereotypes and leave biases unchallenged but, when the other is known personally, they become the exception; "different". One of the goals of Fairtrade is an inclusive democracy that does not discriminate against any person and in which all can participate. The Associations have an obligation to all farmers in their areas,[53] and this does not end with material support. Focusing on specific participation of iTaukei farmers in the Fairtrade system has the potential to reduce the social distance and build a stronger, more integrated farming community with more complete

[53] The Associations adhere to the 10 Principles of Fairtrade (Fairtrade International, 2014a).

participation. Effective participation would also allow for issues specific to iTaukei farmers to be addressed, such as lack of access to farm tools and machinery.

**Farmers' views of other farmers**

Farmers' opinions of other farmers are another indicator of the impact of Fairtrade organisation on sense of community. Whilst all farmers struggle in the industry, with things both inside and outside their control, there was varying empathy from farmers toward others in the same situation. A common sentiment is that, if farmers work hard, they will reap the benefits of their work and that sugarcane farming can be profitable as long as hard work sustains it. Farmers who refer to hard work typically praised their own work ethic and results, while holding other farmers who continue to be poor responsible for their situation.

This notion was frequently expressed in Lautoka. Farmers who made such statements were typically less supportive of or even indifferent to Fairtrade, were struggling with social cohesion in their areas, and had other pressing concerns such as expiring leases or anticipating industry collapse. This viewpoint was more prevalent in areas where many farmers have already left the industry and where former farms have become overgrown fields. These farmers were disheartened by the visible and palpable threat to their livelihoods, and hold to what is within their control. The notion is reinforced by their reduced community network through departing neighbours and the physical distance between gang members. The gangs in these areas are also smaller in size and meet infrequently.

Farmers refer to poor practices, such as burning cane, allowing weed growth, not tending the farm and planting low quality cane, as laziness. Because these practices reduce the efficiency of the industry and impact sugar extraction, and thus reduce payments for all farmers, they are viewed unfavourably; they do not contribute to the farming community and hold other farmers back. They were even described as corrupt. The charge of laziness not only blames poor farmers for ongoing poverty, it ideologically ejects them from the community.

This insult was not used in Labasa, however it surfaced in a different form. Two Labasa farmers referred to others who did not embrace Fairtrade as lazy because it

was there to help everyone, so it was their responsibility to embrace it and improve their farm. These two farmers strongly supported Fairtrade and implied shame for those who do not engage. This notion also frames lazy farmers as outside the Fairtrade community, even if they are members.

The charge of laziness is a charge of betrayal which says that these "other" farmers are not only failing to help themselves, but failing to contribute to the farming community as a whole. The charge correlates to a low sense of community, poor meeting attendance and pessimism of industry productivity. Helping to build social unity and community through regular meetings and working toward goals as a group also bolsters farmers' sense of community solidarity. Visibly improving production and reducing the personal cost of farming may also ease tension and promote a more cohesive, united farming community. Farmers do not have to feel isolated, or carry the weight of the industry alone.

### 5.6: Internalised industry narratives

Blame and ridicule are reflective of a common narrative among local communities negotiating unequal power relationships. It emphasises what is within one's own control and personalising failure; it adopts the top-down limited perspective of the powerful, including within the Fijian sugar industry.

Snell et. al. assessed industry stakeholder reports over several decades and summarised the narrative as that of the "lazy worker, the no-good cane cutter, and the scheming grower, who all appear to have had it too good for too long" (Snell & Prasad, 2001, p. 267). Snell also observes the lack of contextual support for direct observations of poor performance. Farmers also recognise incentives for poor work at several levels but, when discussing their own farm, focus on the needs of the time; the context. Yet, when talking about others, they blame laziness. Multiple industry commentators, including in reports from the Sugar Commission of Fiji (Snell & Prasad, 2001, p. 267), view cane-burning as a means for farmers to "jump the queue" and expedite cane to the mill ahead of scheduled harvesting, alleging that farmers are responsible and deliberate in excessively burning their own fields.

However, farmers lament the high costs of penalties and urgency of acquiring labour and transport after unexpected burning, and financial loss if these cannot be sourced. They accuse labourers or other farmers of arson to gain employment and push up wages, or of spite and revenge. The industry views farmers as damaging public property by sacrificing sugar content and impacting industry profits, despite the personal costs to farmers of burnt cane. When farmers talked about burning their own cane, they referred to seeking permission from the SCGC for controlled burning under specific circumstances, such as the end of the season. Harvesting burnt cane before the mill closes ensures farmers receive some income, instead of nothing, and that the mill extracts some sugar, instead of nothing.

The industry narrative includes comments about the lack of incentive for farmers to plant high quality varieties (Snell & Prasad, 2001, p. 268), and farmers point to each other as failing to do this. One farmer called this the highest level of corruption in the industry. However, when discussing their own varieties, farmers talked about those recommended by FSC and listed off attributes they like and dislike about them. *Mana*, despite being a low sugar variety, is allowed by FSC to be grown on hills but not on flatter areas. Farmers say that *Ragnar* has high sugar ratoon for many years, but needs more weed control making it more costly to grow, and *Naidiri* is easy to grow but needs replanting every four years. As such, individual farms have different needs, preferences and capacity to grow different varieties. Farmers say they have limited information about new varieties so planting can be a risk until they understand the characteristics. Many farmers grow their own seed cane but to switch varieties, must purchase new seed increasing their costs for the season. Blanket statements about *Mana* growers stealing from others therefore do not reflect the context. As Snell points out, enforcing standardisation in the name of "best practice" risks forcing thousands of growers off farms because of marginal lands and suboptimal conditions, such as hilly terrain and low soil fertility (Snell & Prasad, 2001, p. 267).

The industry narrative, as Snell observes, has emerged in a top-down fashion without appropriate consultation and participation by the farmers themselves. Its internalisation, as demonstrated above, further disempowers famers by fostering suspicion and disunity amongst them. Fairtrade can assist farmers in furthering a counter-narrative through its participatory framework. The Associations publish an

annual report detailing projects and successes in their areas. These documents use information collected from gangs through the needs assessment and farm visits, and includes broader industry information. This gives the farming community an opportunity to redefine themselves as active agents working toward industry development.

### 5.7: Farmer confidence in Fairtrade

A number of farmers stated that they were confident from the start and very happy to join Fairtrade. Some farmers were reluctant at first to admit prior scepticism or neutrality about Fairtrade, however, once admitted, most would then balance this by reiterating their current support and confidence in Fairtrade assistance, increasing production and meeting their commitments. Many farmers said they were convinced initially when they attended the sector meeting with Fairtrade representatives, who explained the system, and this allayed their concerns; subsequent success cemented their confidence. Farmers emphasised the large turnout at these meetings, the discussion, and the fact that all farmers agreed to join. The LCPA Acting President agreed that there was some initial reluctance because it was new, but this had eased as farmers have become more familiar with the system and seen its benefits.

Farmers have had previous relationships with the SCGC and the unions, both of which require a levy, according to LCPA members. This expectation made farmers reluctant to join Fairtrade if it meant paying money to yet another body, particularly since farmers' confidence in representative bodies had been shaken, "another rip-off coming in." The Council Board elected by farmers was dismantled by the Government, and the National Farmers Union (NFU) has long been politicised with members also in Parliament (Singh, 2007; Snell & Prasad, 2001, p. 268). Farmers complained of not seeing results despite paying levies.

Fairtrade does not require farmers to pay a levy, and this was encouraging. One Lautoka farmer thought that outside organisations offering to help are likely to be trying to take advantage and profit at farmers' expense. He continues to be sceptical as Fairtrade is young, but he has seen the benefit of reduced costs. Among the participants were three farmers who had not joined initially. However, they changed

their minds once they had further information and could see other farmers receiving assistance. The lack of a levy has created both interest and confusion among farmers; interest in an organisation assisting them without requiring their financial input, and confusion about where the money for assistance is coming from. The commitment to assistance confirms for farmers that the organisation is there to support them first: "When it started we thought it would be like FSC; just say with mouth but can't do anything. But what they say, they do it."

To gauge farmers' perception of the extent to which Fairtrade, rather than other factors, was contributing to the improvements in the industry, farmers were asked whether they would still want to be part of Fairtrade if the price was high enough for them to easily meet their costs without assistance. The overwhelming response was yes, Fairtrade is needed for the farmers: "We need it!", and "If Fairtrade stopped, it would definitely affect the people."

Fairtrade provides a form of insurance against price fluctuations. Farmers point out that even if the price increased significantly, it may then drop. However, if Fairtrade is present, it means that farmers will have assistance regardless of whether the price is high or low, and there will be protection for farmers from the adverse effects of volatility. Farmers credit Fairtrade with increasing their sense of security; prices can fluctuate, but Fairtrade is consistent. Higher prices are often followed by higher costs, so assistance would remain necessary. Even in times of high prices, Fairtrade would continue to support farming communities with needed projects that would otherwise have to be self-funded. A group of five farmers discussed that, if Fairtrade productivity assistance continued during high price periods, it would make their life much easier and create more opportunities to invest in the farm and hire more labour. This conversation was held in a house that had neither running water nor electricity; the participants relied on a well and were looking forward to assistance with a water project to be installed on the hill and feed into the houses. Even in times of high prices, these farmers would continue to need infrastructure development.

Fairtrade gives farmers increased confidence that they are being treated fairly by FSC and paid correctly. Fairtrade has improved farmers' sense of representation and negotiating power within the industry. If Fairtrade certification were withdrawn and the Associations disbanded, these gains could be severely threatened. Fairtrade also

provides ongoing education, guidelines and support for agricultural practices to increase production, which some farmers are concerned would be lost if it ended.

Two farmers, who believed that Fairtrade was part of FSC and was being funded out of their bonuses, also believed that, if Fairtrade ended, they would stop receiving support but the money would be kept by FSC and their bonuses would not go up either; they want to keep Fairtrade in order to retain a larger share of industry profits.

Even the few farmers in the sample who were having difficulties with disputes or incomplete project work generally agreed that the system was good and should remain. Only one farmer was no longer interested.

LCPA representatives explained that they initially prioritised funds for visible short term projects to help cement farmers' confidence in the new system. Now they are able to work toward long term projects, like arranging access to life insurance since farmers do not qualify for FNPF.

Farmers' expressions of confidence in Fairtrade and desire to continue participating in it demonstrates that Fairtrade goes beyond material assistance; Fairtrade also offers confidence and security, bolsters community cohesion and responds to farmer perspectives on development needs and priorities.

### 5.8: Future of the industry

In order to establish whether recent improvements are alleviating concerns about industry collapse and whether Fairtrade could restore the viability of sugar farming from a producer perspective, farmers were asked what they thought about the future of the industry. Farmers remained uncertain about the future because there continues to be significant factors beyond their control. Expectations about the future were mixed in both regions, but Labasa participants more regularly took an optimistic view, and Lautoka participants more frequently predicted the collapse of the industry despite recent improvements. Responses were mixed even for individual farmers who responded with nuance and referred to multiple uncertainties on the horizon; the EU quota will end, for example, but another market may be found elsewhere.

A common statement was that the future depends on the price of sugar, which is uncertain. However, thanks to the recent rise in the price paid to farmers, some farmers view high prices as a trend and predicted ongoing price increases. Farmers also predicted a continuing rise in the cost of living, restricting returns from the high price. Farmers in Labasa were largely unaware of the changes with the EU taking place in 2017, although some delegates and representatives of the LCPA and SGCG talked about this problem. A greater number of Lautoka participants were aware of the changes in 2017 and referred to hearing about it on the radio or in the news. An SCGC representative said that the lack of knowledge of the looming 2017 changes meant that Labasa farmers were focussed on planting more cane, and production is increasing. He implied that limiting farmers' knowledge of trade insecurity encouraged production, and was therefore positive for the industry. However, it also limits farmers' ability to make informed decisions and misleads them into shouldering risk they might otherwise find unacceptable. Limiting farmers' access to information might be considered pragmatic from a planning perspective but, from a participatory perspective, it undermines farmers as interested actors in industry planning and rejuvenation.

The differential awareness between Labasa and Lautoka participants may contribute to the varied incidence of optimism and pessimism between them. Some Lautoka farmers cited news of 2017 and say that sugarcane cultivation is going to become even more difficult for farmers and the industry will soon collapse, as early as 5-10 years from now. Other Lautoka respondents said they will find another market, and that other countries need Fijian sugar because it is good quality. Some saw the EU difficulties as forecasting a price drop and others thought it meant the price will rise. Most Labasa farmers did not refer to this issue and were confident the industry will continue. A delegate with knowledge of the EU changes talked about market expansion and seeking other opportunities, while the SCGC representative in Labasa was concerned about the market. Views and knowledge were very diverse.

Another common concern was that the next generation will not become farmers, and that there is insufficient labour to run the farms. Because of the current age of the hired labourers and reduced interest from younger people, a group of three Labasa farmers predicted that there would be no one to harvest the cane in five years. Despite this, they believed that someone would continue the farm; if not family, then

it may be sold, though this may decrease production. Farmers were divided about whether recent improvements will be enough to persuade younger people to enter the industry. Other farmers were not interested in selling if their sons do not take over and spoke of the farm becoming bush. One farmer said he would switch to small scale vegetable farming after retirement.

Some farmers had ongoing concerns about the renewal of land leases and considered land security to be a persistent obstacle to productivity. They also wanted to see vacant former farms be cultivated again, because it is lost potential. However, recent changes to lease laws have increased confidence in renewal, extended the timeframe to 99 years and reduced goodwill payments, encouraging farmers to feel secure on the land (Government of Fiji, 2010).

Farmers made statements from an assessment of the current state of the industry. Such as, the industry is doing well and things are improving, Fairtrade will help produce even more. Other statements follow the trend that the industry should continue to improve along the path it is currently on. Farmers also talk about how the current incentives, Fairtrade assistance and high prices, will improve productivity and the future of the industry.

Farmers made a variety of tentative statements regarding the future. Such statements include if Fairtrade manage the funds well and perform their role well, then the future will be bright. If they continue helping this way they will lift up the farmers and they will prosper. If the price is stable, then there will be more investment and better yields. If the price goes up young people would join and the industry will continue. If Fairtrade, the Council and the LCPA continue to do their jobs, and with this stable price, the industry "will boom". If Fairtrade continues, we trust Fairtrade, the future feels more secure with Fairtrade. These tentative, but positive, responses about the future focus on security of farmers and the role of Fairtrade assistance. Farmers also expressed confidence in themselves.

Other farmers were not tentative and simply stated that the future will be good because of support by Fairtrade, FSC and others. Some predicted a rise in the price of sugar. "The industry is more than 100 years here and we think it will be going more than 100 years." A common refrain among these farmers was along the lines of: "No concerns, but you cannot know the future."

A group of six farmers stated they trusted the Prime Minister's commitment to the industry, and considered the future to rest on him. They believed that he had introduced Fairtrade and credited him with its success.

Two Labasa farmers, who felt the industry is improving, emphasised that sugar is still a major resource in Fiji and would have nation-wide economic impacts if it failed; the gravity of risk enforces the need for investment. Other farmers reflected this view; the industry was declining, but is improving since Fairtrade, and this provides hope for the future.

In Labasa, a pessimistic view of the future was the minority. One farming couple felt that the labour and intergenerational pressure was too great to be overcome and would lead to industry collapse despite its role in the economy.

Farmers in Lautoka raised the issue of severe weather, including both cyclones and droughts, damaging their crops. Despite this, the future is positive with Fairtrade assistance and the hope of price increases.

Some Lautoka farmers viewed industry productivity as decreasing, even as their own increases, and this gives a sense of the industry continuing to diminish with the potential for collapse. Some acknowledged the initiatives by Fairtrade and the Government, and said that they are having an effect, but they did not yet feel the industry is secure.

### 5.9: Conclusion

The assistance provided by Fairtrade is not limited to material support. The structure of Fairtrade is a participatory development model enabling farmers to take part in deciding how development funds will support them and their community. It also creates a representative body that allows farmers to participate in wider industry dialogues and decision-making. Confidence in this representation is having an impact on the ways in which farmers view themselves and the power they hold as stakeholders.

The structure also has the ability to bring farmers closer together, strengthen support networks and reduce perceptions of isolation and stereotypes. The effect of improved

community is seen in the difference of views between Labasa and Lautoka participants, with strong community networks correlating with improved knowledge of Fairtrade and social projects, stronger support for the system and optimism about the future. Limited community cohesion, more frequently seen in Lautoka, coincided with suspicion and derision of other farmers, individualism, ambivalence toward meetings, limited knowledge of Fairtrade and social projects and pessimism about the future.

The potential of Fairtrade to engage and represent farmers is strongly linked to effective implementation of networks among farmers. These networks empower farmers to participate in the Associations and the industry. They are conduits to inform farmers, and to collect farmer views to be channelled back to the Associations.

The following chapter will conclude this thesis, drawing together the role of Fairtrade in the international and local spheres.

# Chapter 6: Conclusion

*"I tell you, if farmers are rich, Fiji will be rich." – Labasa Cane Farmer*

*"The farmers have really benefitted, and slowly they have grown." – Labasa farming couple*

*"Fairtrade is a hope for us." – Lautoka farmer*

## 6.1: Introduction

It was to protect producers against unequal trade systems that Fairtrade was originally established, to make trade work for producers (Ransom, 2006, p. 20), rather than relegating them to a footnote in the records of the powerful. Fairtrade also works to empower producers through participatory mechanisms further down the commodity chain, at the local level, against other industry stakeholders. This thesis has drawn on the theories of unequal exchange and participatory development to assess the impact of Fairtrade in challenging these inequalities.

Fijian farmers have faced many challenges in the struggling sugar industry. With the dismantling of preferential access to the EU market, they face an uncertain future with increased volatility, potential price reductions and increased competition. The confluence of industry inefficiencies, land insecurities, rising costs and alienation from decision-making processes drastically reduced the output of Fijian sugar, impacting farmers' incomes and causing many to abandon the industry. With the Fijian sugar industry struggling along the length of the commodity chain, many predicted its collapse.

In 2011 and 2012 Fijian sugarcane farmers used Fairtrade funds and methods to support their own production and development efforts, and to coordinate their voices at the industry level. Since 2011 production has increased in Labasa and indications of an increase are present in Lautoka, the price paid to farmers has reached a historical high and multiple stakeholders are working toward restoring the industry.

This thesis sought to answer the following questions:

1. What are the current pressures on farmers' livelihoods?
2. What impacts and changes are farmers experiencing under a Fairtrade model?
3. In what ways, if any, is Fairtrade effectively functioning as a development tool to assist with industry security through (a) reducing production inefficiencies, and (b) improving farmers' negotiating power and agency within the industry?
4. In what ways, if any, can Fairtrade assist in providing farmers a secure trade environment within the current neoliberal framework?

This chapter will draw conclusions to these questions. It will follow the order of the chapters, starting with Fairtrade's contribution to providing a secure trade environment for Fijian sugar. It will then draw conclusions regarding the direct assistance of Fairtrade reducing production inefficiencies and resolving and mitigating challenges for farmers. The section will also draw conclusions regarding the ways in which Fairtrade assists in improving farmers' negotiating power within the industry. The chapter concludes with suggested improvements that could be applied to Fairtrade in the Fijian context.

### 6.2: Fairtrade and conventional trade

The changing relationship between Fiji and the EU retains a number of elements reminiscent of the colonial past, including unequal power in setting trade terms, lack of concern by the powerful - traders and policy-makers alike - for the impact of trade policy on producing countries, and the enculturated devaluing of primary products and producers. Challenging these inequities requires recognising the past, redefining present relationships, and reducing the power disparity between actors.

The existing trade system between the EU and the ACP, and the proposed EPA system are both unfair and damaging to developing countries. It prevents access to markets for developing countries, suppresses world prices through dumping and exacerbates volatility. However, the proposed system presumes the equitability of global market prices and locks sugar-producing countries – which lack the means to diversify - into an oversupplied and undervalued product.

The EU sugar market needs restructuring, however this must be geared toward creating a fairer world market. Simply reducing EU sugar exports as directed by the WTO would have reduced dumping, raising world market prices and removing EU sugar from third party markets thereby increasing general market access for developing countries.

Fairtrade poses a direct challenge to conventional neoliberal trade. The tenets of privatisation, deregulation and liberalisation are undermined by democratic organisation, collectively owned and managed funds, minimum standards, prices and premiums, and regulated trader responsibilities. Fairtrade's viability as an alternative is demonstrated through wide and growing consumer support for its products. Neoliberalism's race to the bottom is rejected under the Fairtrade model, where the priorities of sustainable trade begin with the producer, and not with middle-man profit margins.

In the case of Fiji, inordinate power remains in the hands of the middle-man, Tate and Lyle Sugars Limited. Tate and Lyle's promotion of Fairtrade is indicative of the strength of public opinion in effecting change in corporate social responsibility. However, shifting risk onto the Fairtrade Associations in recent contract changes undermines the partnership intentions of the Fairtrade model.

Despite the Fairtrade market share for sugar decreasing in the UK during this politically charged restructure, global Fairtrade sugar sales are experiencing significant annual growth. As the world's second largest producer of Fairtrade sugar, Fiji's share of the Fairtrade sugar market offers it some power and security in establishing new contracts. Fiji will be negotiating a new contract following the end of the long term agreement with Tate and Lyle in September 2015, and is already investigating alternative markets in anticipation of the end of preference in 2017.

Fairtrade does not yet have a minimum price for sugar with which to challenge the globally suppressed price that Fiji will likely receive in subsequent contracts. However, in order to sell Fairtrade sugar, traders must enter into long term agreements with Fairtrade producer associations, allowing them the security to plan under projected sales.

Challenging unequal exchange inherent in neoliberal free trade is a long term project, operating at the international level, and is largely outside the scope of farmers' direct experience with Fairtrade. Despite this, the prospect of secure market access beyond the expiry of current agreements, and continuing Fairtrade support, validates the investment of time and resources into sugar farming.

Despite the imminent end of both preference and the long term contract with Tate and Lyle, Fairtrade certification offers farmers a safety net. The Associations will continue to receive Fairtrade social premiums on all sugar sold under the label, ensuring availability of funds - beyond the price paid to farmers - for farm and social development. In this way, Fairtrade contributes to providing farmers some security within the current neoliberal trade framework.

### 6.3: Fairtrade support for farmers

Fairtrade is not a panacea. As with all development models, it will not resolve every issue facing the industry. However, it can be a catalyst of change beyond its own scope. It targets specific issues within the industry, but also indirectly influences others. Fairtrade is one tool for producers to participate in an intra-sectoral response to reviving the industry. Under Fairtrade, farmers have received direct support in terms of subsidised inputs and provision of safety gear, mitigating the financial pressure of meeting these needs, and improving the adoption of safe practices. This support directly improves productivity and financial security, as well as potential long term improvements in health outcomes.

Fairtrade is a non-governmental organisation and does not have the power to directly influence industry decisions. However, its established structures enable farmers to engage at the industry level. Improvements in the mills and transport infrastructure have happened concurrently with Fairtrade, but not as a result of it. Farmers view Fairtrade as having the potential to influence aspects of policy through improved representation, such as lobbying for cane drop-off yards at the mills, and arranging payment plans for deductions.

Farmers do not currently have democratic representation within the Sugar Industry Stakeholder Action Group (SAG), which designs the Fiji Sugar Industry Strategic

Action Plan (SAP). This is partly due to the dismantling of the democratic board of the SCGC, which represents growers on the SAG. There are no representatives from the Associations on the SAG either. However, the current SAP includes multiple acknowledgements of Fairtrade, and notes the intention to consult with the Associations to deliver the SAP (The Sugar Industry Stakeholder Action Group Lautoka, 2012, pp. 9, 10). This representation legitimates farmers as stakeholders and improves their opportunities to be engaged in future planning.

Land security is an issue intimately tied to the sugar industry, yet external from it. The Taukei Land Trust Board (TLTB) is not a direct stakeholder in the sugar industry and neither are the landowners. As such, Fairtrade is not engaged with either. Improvements in land lease terms result from political will and are unrelated to Fairtrade. However, farmers view Fairtrade as having the potential to advocate on their behalf in the event of ongoing difficulties with the TLTB, and some have already started working with their gang delegate in preparation for upcoming lease expiry.

In the process of managing input subsidies, the Fairtrade Associations have established industry communication channels, improving representation and developing trust. These relationships have not only supported the provision of inputs for farmers, they have also contributed to redefining the relationship between FSC and growers, heightening farmers' collective sense of being participant stakeholders and potentially limiting the impact of the power disparity between them. Farmers increasingly expect their voices to be heard and acknowledged as partners in industry decision-making and policy outcomes.

Given this assistance, and farmers' overwhelming response to this effect, Fairtrade has played a direct, tangible and transparent role in supporting farmers in the face of industry pressures. Through this assistance, Fairtrade has directly contributed to improved farm productivity, thereby supporting better incomes for farmers and increased financial security. Farmers are also better able to access credit facilities beyond the Sugar Cane Growers Fund (SCGF) as more mainstream financial institutions are willing to lend to them, opening up opportunities for greater investment in farm diversification if they choose. Fairtrade has also introduced

organisational structures that have demonstrably improved farmers' negotiating power within the industry.

Should the industry indeed collapse as predicted, Fiji has still received more than FJ$20 million in Fairtrade assistance, which farmers themselves have directed toward community and farm development. The bridges, bus shelters, roads, temples, and schools that they have built and maintained, and the access to water and electricity that they have established, will endure beyond the end of the industry or Fairtrade assistance, should this come to pass.

However, if the industry is secured through these and other initiatives then farmers will continue to annually receive multi-million dollar premiums to democratically allocate to their own priorities. Securing the industry is also a necessary step in encouraging interest in farming among a new generation to ensure industry continuity beyond the current aging farmer base. Indeed, the knowledge that Fairtrade support is tied to the ongoing cultivation of sugar may contribute to the shared desire to ensure its continuity.

Labasa's local economy relies heavily on sugar, as do the communities within the Rarawai-Penang Cane Producers' Association regions. The sugar industry is unique in its capacity to support rural communities spread over a wide area in Fiji (Mahadevan, 2009a, p. 321). To allow the industry to collapse is to allow the collapse of these towns and the impoverishment of their residents to the detriment of Fiji as a whole (Tabureguci, 2010).

### 6.4: How could Fairtrade be improved in the Fijian context?

Despite Fairtrade's role in improving the industry, there are several areas where there are structural bottlenecks that threaten to limit the effectiveness of the model in Fiji. The methods of sharing information and the role of delegates as representatives are two areas that would benefit from review.

Despite the Associations' roles as representative bodies of farmers, there is a lack of transparency in the collection and allocation of funds, and in decision-making procedures. The result of this is that farmers do not have tangible sources of

information. Information is shared verbally and has the potential to be miscommunicated or incompletely communicated, and is difficult to verify. Despite the democratic structure and budget vote at the AGM, restricting participants and voting to delegates effectively alienates other farmers from the process.

There are multiple solutions to both of these problems, and each Association will need to independently assess the most appropriate options.

Farmers support some form of written correspondence to inform them, such as a newsletter. The Associations could also do a cost-benefit analysis of making the full annual reports available to all gangs. Alternatively, they could distribute particular sections and advertise the whole document as being available for review in the office. The means of passing on information by delegates could be standardised using recommended gang meeting agendas provided by the Associations, which could include key written information. They could also include timelines for activities that the gang will expect to participate in, so all members are aware of needs assessments and other deadlines. The Associations may also consider engaging local newspapers to disseminate certain information, as this is a common source of information for farmers and would be low cost.

Both the Associations already have active Facebook pages. Both are currently used predominantly for posting photos of workshops, events and projects, and not used to convey information about upcoming events or activities, such as the needs assessment. As such, there is room for further adaptation and use of this platform. While internet access is limited and variable among farmers, this could be an information point for those with access in combination with utilising current informal sharing networks.

Multiple participants complained about ineffective delegates and the barrier this creates between them and the Associations. In addition to improving access to information for all farmers and limiting the gate-keeper role of the delegate, farmers need additional channels to communicate with the Associations. Farmers would like to see a designated farmer liaison in the office whom they can contact when they have concerns about their delegate, or misunderstandings about Fairtrade that the delegate cannot resolve. The delegate system can function adequately, but there needs to be a fall-back mechanism for cases where it is insufficient. The Associations

could also devise delegate training and support to limit recourse to such a liaison by the farmers, as hiring an additional staff member, or further burdening an existing one, could be costly.

An appointment window within organised office hours in which concerns could be heard may limit the cost and distractions. Keeping a record of questions and answers may also allow the Associations to track common problems faced by farmers and intervene, or reduce subsequent feedback times with pre-prepared answers.

Regarding the complaint of lack of opportunity to participate in AGMs, the Associations could disseminate an agenda, allowing farmers to decide whether to attend. Farmers could also be provided with access to minutes following the meetings, so they understand how decisions were reached.

Improving communication within the Associations further empowers farmers to be able to effectively participate in the Fairtrade process by reducing the power disparity individual farmers have compared to their delegates, and the Association board. It would further contribute to the effective uptake of Fairtrade by alleviating suspicion from the few farmers who remain sceptical about the motivations of outside assistance, and the proportion of funds actually directed to farmers. Providing accurate and accessible information, and demonstrable access to participation would check any festering or unresolved dissatisfaction and remedy misinformation.

Improving communication may assist both Associations in effectively integrating iTaukei and female farmers as participants. However, this should not be assumed and both Associations should review the rates of participation of these two groups to ensure they have adequate representation and are comfortable being heard.

### 6.5: Labasa vs Lautoka

This research has compared an established and well funded Fairtrade pilot project, with a more recently established association with less funding. The results paint a picture of a very successful association in Labasa, as compared to the association in Lautoka that has been less successful in areas such as communication, participation and project visibility. However this lesser success is success nonetheless, and must

be situated in the recentness of its establishment and limited funds. The LtCPA may learn some key lessons from the LCPA regarding the importance of farmer knowledge about Fairtrade, encouraging social network development through regular meetings, and making the Fairtrade brand visible, as these have been integral to the LCPA's success.

### 6.6: Conclusion

The industry narrative in the media continues to be one of trepidation despite its importance to the Fijian economy; the country holds its breath, some exhale and consign the industry to history. The industry sits on the cusp of recovery, a great ship slowly making its turn. The seeds of renewal that have been planted over the previous few years are starting to bloom. But this hopeful story of increasing efficiency and productivity is not yet the dominant narrative. Fairtrade is not yet commonly known in Fiji outside of sugar farming communities. However, within these communities, Fairtrade is consistently praised and considered to be very beneficial to farmers. The survival and restoration of the industry depends on the value farmers see in continuing the work, and the hope they experience through Fairtrade security and support. While there are a number of initiatives to recover the industry, the Fairtrade initiatives are owned by the farmers themselves. Their story could change the narrative.

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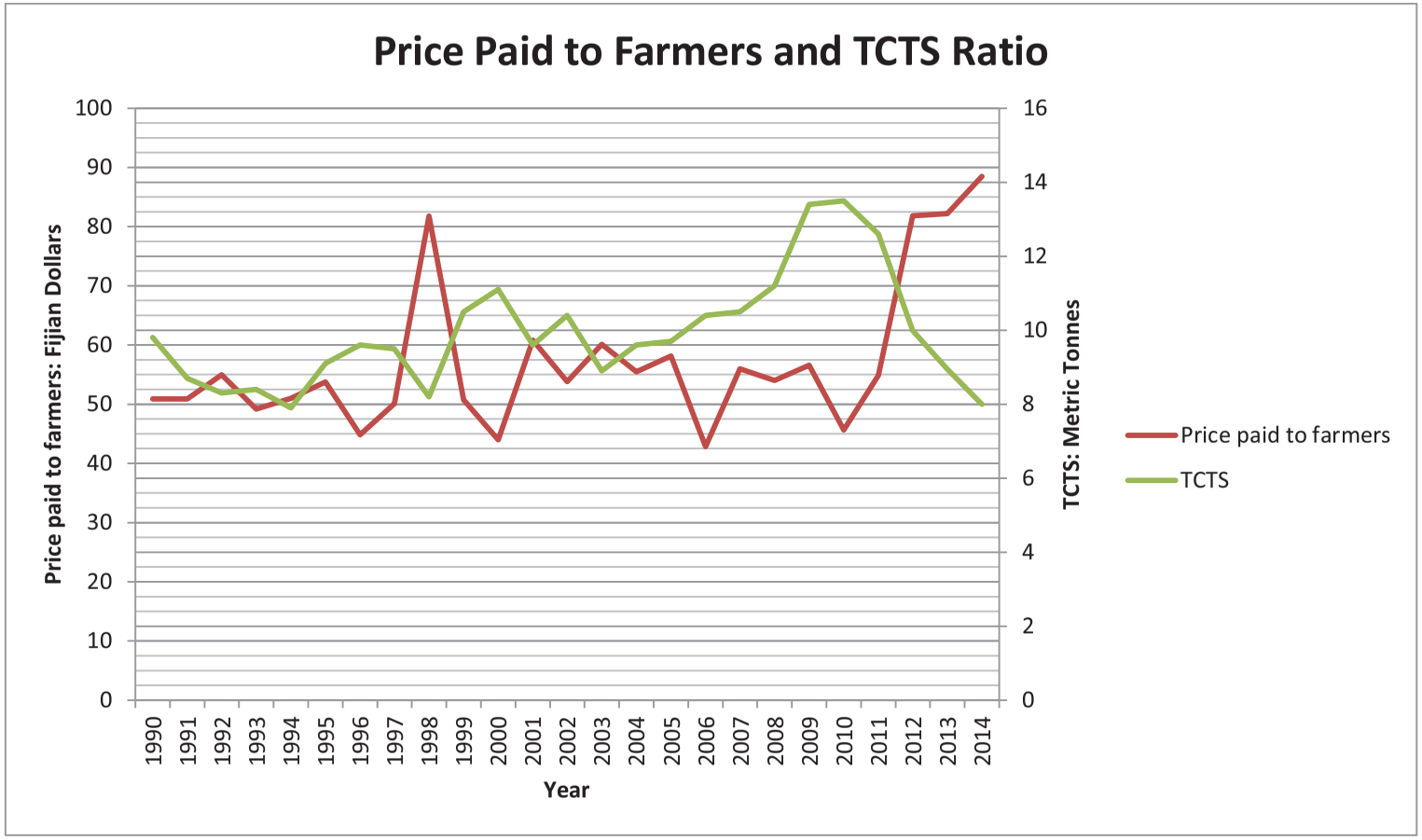
## APPENDIX 1


Price Paid to Farmers and TCTS Ratio
Price paid to farmers: Fijian Dollars
TCTS: Metric Tonnes
Year
Price paid to farmers
TCTS
0
10
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30
40
50
60
70
80
90
100
0
2
4
6
8
10
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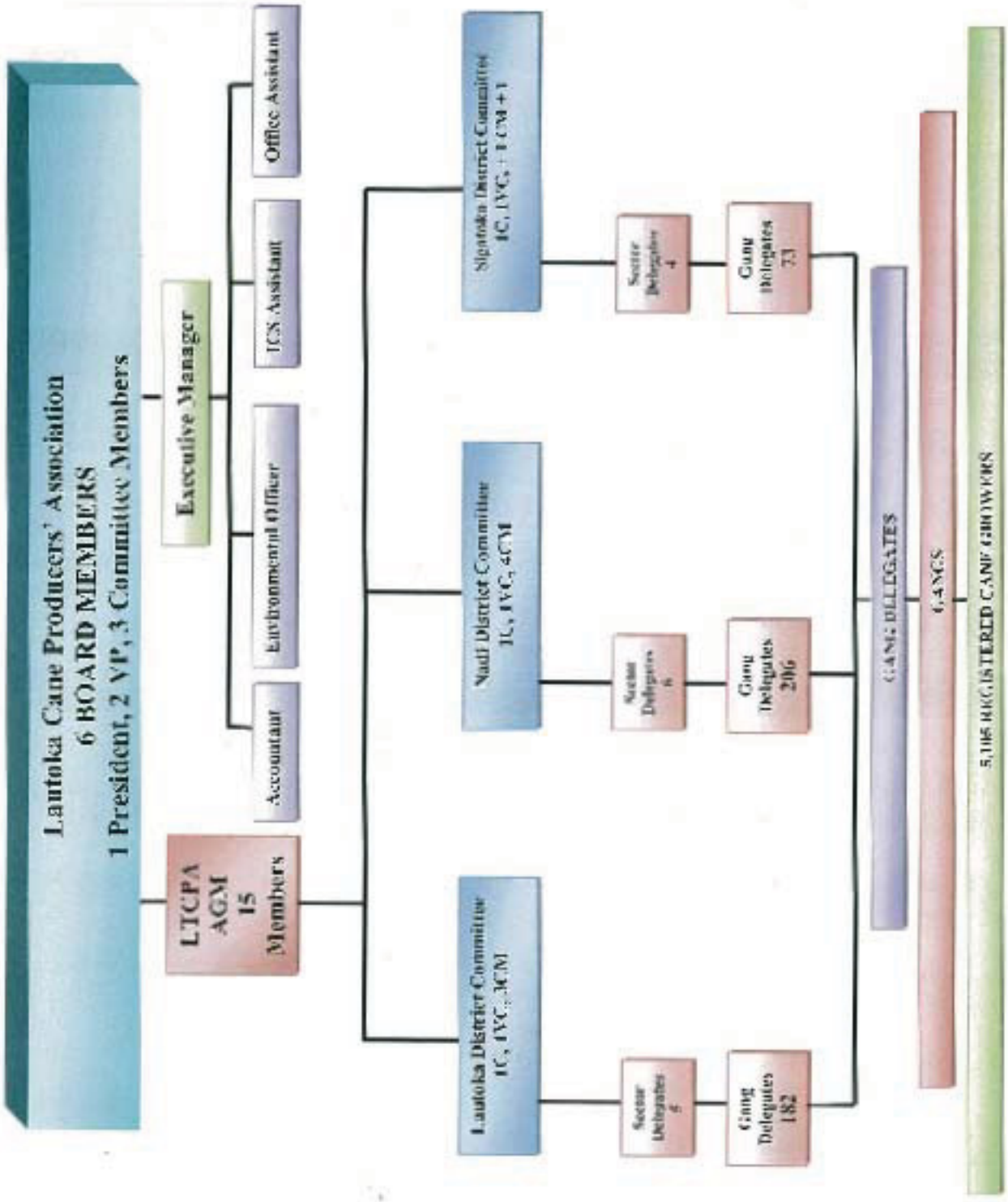
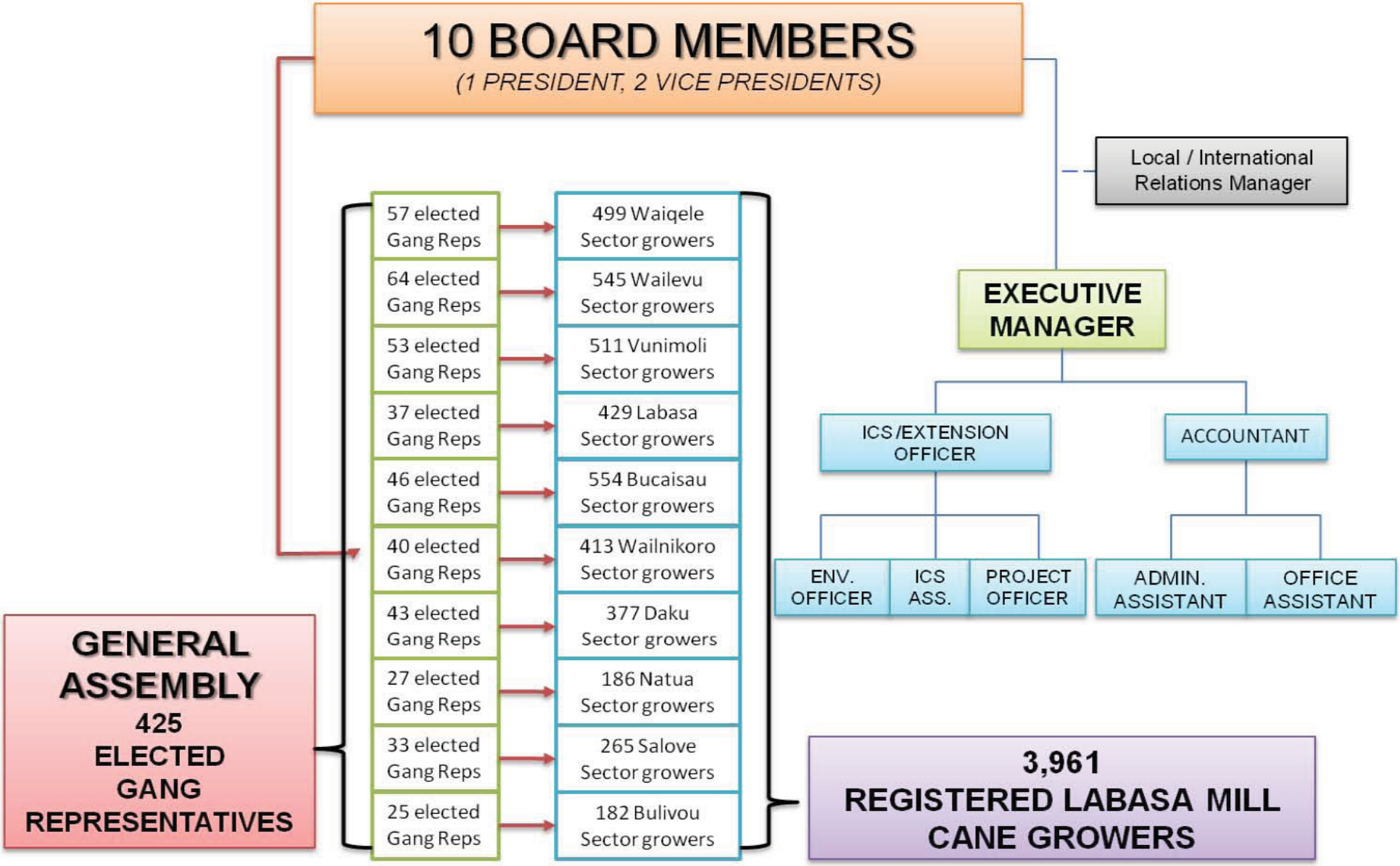
# APPENDIX 2

# Organization Structure



# ORGANIZATION STRUCTURE



## ADDENDUM

Tate and Lyle communicated to the Associations on Monday 10 August that they would not be buying sugar on Fairtrade terms for the 2016 crop. As such, following the 2015 crop, the Associations will not be receiving further premiums unless Tate and Lyle determine that they will purchase as Fairtrade again, despite Fiji farmers continuing to meet the Fairtrade requirements. Fairtrade Australia and New Zealand have committed to continue supporting the Associations through this difficulty (Chaudhary, 2015a, 2015b).

As discussed in *Chapter 3*, farmers have limited agency in choosing their trade partners, as Fiji has a long term contract with Tate and Lyle and must meet their quota obligations to the EU. As such they are bound to Tate and Lyle as their access point to this market.

Some opportunities remain however. The long term contract with Tate and Lyle expires in September 2015, giving Fiji the opportunity to negotiate terms which may allow for some of Fiji's sugar to be sold as Fairtrade to other markets. Currently Fiji has access for 220,000 tonnes of raw sugar to the European market at the preference price. Since 2014 it is producing above this quota, and this excess sugar could be redirected to markets with Fairtrade demand outside of the EU.

This instance highlights the need for attention to be paid to the ongoing power disparity between producers and traders within the Fairtrade movement, in order to strengthen policy to empower farmers. This news risks demoralising farmers and undermining the gains made so far. Any strategies determined to mitigate the loss of premiums, such as suggested above, need to be communicated to farmers also.

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