

Introduction

The United Nations has declared 2004 to be the International Year of Rice. While rice plays a small role in the lives of most Americans, it makes up 20% of the world's dietary supply, more than wheat or maize.¹ Furthermore, according to Jacques Diouf, the Director-General of the UN Food and Agriculture Organization, "Almost a billion households in Asia, Africa and the Americas depend on rice systems for their main source of employment and livelihood."² Clearly any change in rice policy has an effect on a profound number of people, almost one-fifth of the world's population. Unlike many other crops, however, most rice is consumed domestically, and only five percent reaches the world market.³ Although Thailand is far from being the largest rice producer, it is the largest rice exporter, accounting for 29 percent of all rice exported.⁴

One of Thailand's exports is jasmine rice, officially Thai Hom Mali Rice, a rice known for its aromatic flavor and adaptability in cooking. Jasmine rice is traditionally grown in the Northeast of Thailand, the poorest region of the country. The largest importer of jasmine rice is China, followed by Senegal and the U.S.⁵ In the year 2002-2003, Thailand exported approximately 6 million tons of rice, only 150 tons of which was fair trade rice.⁶

This paper seeks to explain the concept of fair trade and explore the possibility of an expansion of fair trade jasmine rice production. Currently, fair trade jasmine rice is sold exclusively in Europe, particularly Switzerland. Expanding distribution to the U.S. would significantly expand the market. However, such a feat depends on whether fair trade farmers can expand production and how U.S. consumers would react to fair trade jasmine rice.

¹ "UN Declares 2004 the International Year of Rice," *The Tribune Online* [New Delhi], <http://www.tribuneonline.com/un.htm>

² Ibid.

³ Udomkit, Nuntana. "Literature Review on Rice Trading." Pamphlet from Green Net Cooperative.

⁴ Piras, Elizabeth, "Who reaps the benefits of the Sowing," *Fair Trade Yearbook 2001*, European Fair Trade Association (EFTA), 2001.

⁵ Ponnarong, Prasertsri, "Thailand Grain and Feed Annual," USDA, April 17, 2003.

⁶ <http://www.fas.usda.gov/gainfiles/200203/135683775.pdf>

Fair Trade

Fair trade is essentially a certification process that guarantees that the product was produced under certain conditions determined by the Fair-trade Labeling Organization (FLO). The FLO stipulates that traders must pay a minimum price to producers to cover costs of living, support sustainable farming practices, and encourage investment in development. Fair trade labeling is simply a variation of organic labeling in that consumers pay a premium to support certain farming practices. However, organic labeling is only concerned with the quality of the food, whereas fair trade labeling is concerned with the quality of living of farmers. Fair trade labeling is designed to guaranty such specific aspects as workers' incomes, farmers' autonomy, and workers' right to unionize.

The FLO stipulates four generic criteria for Fair Trade:⁷

1. Purchase directly from small farmers organized into democratically managed cooperatives.
2. Guarantee a floor price when market prices are low.
3. Offer farmers credit (an obligation of the importer).
4. Develop long-term relationships between importers and farmer cooperatives.

Fair trade certification began in 1988, when a sharp decline in world coffee prices triggered concern for coffee producers in developing countries. A Dutch organization began to sell fair trade coffee under the label "Max Havelaar," named for a fictional character who fought exploitation of workers in Dutch colonies.⁸ Max Havelaar counterparts developed in other countries, primarily in Western Europe, for products such as coffee and chocolate. In 1997, the FLO became the umbrella organization for all fair trade organizations. Currently the FLO sets

⁷ Levi, Margaret and April Linton, "Fair Trade: A Cup at a Time?" *Politics and Society*, Vol. 31, No. 3, September 2003, 416.

⁸ Trans Fair USA website: <http://www.transfairusa.org>

the guidelines for fair trade certification but independent certification non-governmental organizations (NGOs) in each country conduct the actual certification process and then monitor the organizations to verify that organizations actually are obeying fair trade guidelines. The FLO then independently monitors these certification NGOs to make sure that they are properly doing their jobs. In the U.S., TransFair USA does all the fair trade certification. When consumers buy a fair trade product, part of the money goes to support these labeling organizations.

Although rice is the most widely produced food item, fair trade labeling only recently expanded to include rice, perhaps because a much smaller share of rice is exported, compared to coffee or bananas, for example. There are two sets of standards for rice, one for small-scale producers in cooperatives and another for workers on plantations and in factories. Fair trade rice standards include both minimum requirements and progress requirements for features of working conditions such as frequency of meetings, transparency of hiring policies, and pesticide use.⁹

The fair trade requirements are the same for any type of rice, including jasmine rice from Thailand. The FLO dictates that all fair trade rice products follow the formula:

Fair trade price for rice =
Fair trade contract price (per variety and origin) + Fair trade premium

Fair trade premiums range between 10 and 12 percent of the fair trade contract export price.¹⁰

The premium depends on the size of the shipment: the larger the shipment, the smaller the percent price premium.

Fair Trade and the Liberal Critique

⁹ For list of generic fair trade rice guidelines, see:
<http://www.fairtrade.net/pdf/sp/english/Rice%20SP%20version%20Feb04.pdf>

¹⁰ FLO International website: www.fairtrade.net

The ultimate goal of fair trade is to improve the livelihood of farmers in developing countries. It seeks to provide an alternative to Green Revolution farming techniques and large, corporate farms. Fair trade systems provide economic and cultural benefits to farmers while gratifying environmentalists. While the ultimate goal of this paper is not to justify fair trade production, a summary of its benefits might contribute to an understanding of fair trade production.

In The Paradox of Plenty: Hunger in a Bountiful World, Frances Moore Lappé notes that in 1986, the World Bank concluded that, “current hunger can be alleviated only by ‘redistributing purchasing power and resources toward those who are undernourished.’”¹¹ Fair trade is essentially a redistribution of income from consumers in the developed world to farmers in the developing world. Farmers that produce fair trade goods have higher incomes because fair trade organizations guarantee that they will never pay producers a lower price than a predetermined price floor. The United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) estimates that the average income for a conventional rice farmer is 7 Thai baht per kilo, but that the average income for an organic farmer is 10 Thai baht per kilo. Fair trade farmers also have the benefit of lower input costs. All fair trade producers farm organically, or are moving towards organic farming, and thus do not have to buy fertilizers, pesticides, or any other chemicals. These costs are far from negligible; a World Bank study in 1998 concluded that the average cost of rice production per household in Surin province was 18,343 baht,¹² approximately \$458 at the time.¹³ Furthermore, just like organic farming, fair

¹¹ Boucher, Douglas, Ed., The Paradox of Plenty: Hunger in a Bountiful World, Oakland: Food First Books, 1999, 19.

¹² Chomthongdi, Jacques-chai, “ Overview of Social Impacts of the Economic Crisis,” (Bangkok) World Bank, October 1998, 8. <http://www.worldbank.org/eapsocial/library/socimpacts.pdf>

¹³ exchange rate history:

http://www.exchangerate.com/past_rates.html?letter=T&cont=&cid=225&year=1998&month=07¤cy=239&action=Submit

trade farming is more labor intensive than conventional farming and thus could increase employment in areas where there is fair trade farming. For example, farmers that do not use herbicides need to weed more and it may be time-intensive to harvest rice when it is not monocropped. Consumers pay extra money for fair trade products so that farmers can earn more money. A survey by Green Net, the fair trade jasmine rice exporter,

In addition to the measurable economic benefits to farmers, fair trade systems include cultural benefits. Fair trade consumption supports small farmers at the expense of large farms. As a result, fair trade allows more small farmers to maintain their livelihoods, instead of becoming wage laborers on large farms or migrating to the cities. Furthermore, because farmers use fewer inputs with fair trade production, there is less of a chance that they will become indebted and have to sell their property or hire out family members to service the debt. Fair trade systems may allow farmers to maintain their traditional occupation and preserve traditional rural culture.

Finally, fair trade production may contain the environmental benefits of organic production, such as fewer potentially harmful chemicals and less soil erosion.

Supply Chain of Fair Trade Jasmine Rice

Fair trade jasmine rice is one of the newest fair trade products, and it entered the European market in 1995. The process began in 1992 when an NGO in the Northeast of Thailand, the Surin Farmers Support, created the Natural Agriculture Group (NAG), a farmer organization dedicated to organic production in the province of Surin. All members of NAG are also members of the Rice Fund, an organization that is jointly owned by Surin Farmers Support. The Rice Fund buys the rice from the farmers for a price that is pre-determined at an annual

meeting with farmers, where the group establishes a scale of prices based on criteria such as the type of rice, the moisture in the rice, the percentage of unbroken rice, and the organic qualities of the rice.¹⁴ (See **Appendix 1** for rice prices for 2003/2004).

At the same time that NAG was growing in Surin, the Yasothorn Farmer Group Network (FGN- Yasothorn) was developing in a neighboring province. This group formed the Nature Care Rice Mill (NCRM), which purchases and mills rice from the members of FGN-Yasothorn.

In 1995, Surin Farmers Support contacted Green Net, a Bangkok-based organic foods trader, and proposed the idea of exporting fair trade jasmine rice. Green Net established a subsidiary, Green Net Cooperative, to export the rice. Just as with a commercial exporter, Green Net receives orders from European importers and then communicates these orders to the Rice Fund and NCRM. Green Net pays for the rice packaging process and transports the rice from Surin and Yasothorn to Bangkok by truck. From Bangkok, all rice is shipped to Claro, a fair trade NGO in Switzerland. Claro, formerly One Sustainable Third World (OS3), works closely with the European Fair Trade Association (EFTA) and distributes the rice to various EFTA NGOs, such as Solidar Monde in France and Oxfam Belgium. These groups then distribute the rice to fair trade shops.¹⁵ (See **Appendix 2** for a diagrammatic representation of the fair trade jasmine rice supply chain).

Currently, NAG has 500 members, and FGN-Yasothorn, although it is less than ten years old, has over 7,000, more than 10% of the farmer population in Yasothorn.¹⁶ The average

¹⁴ Maller, Meredith, "Jasmine Rice Overview," CIEE Thailand, Fall 2003.

¹⁵ Claro homepage: www.claro.ch

¹⁶ Maller, Meredith.

landholding for these farmers is 4.10 hectares per family,¹⁷ and thus most produce on a small scale.

A Note on Production

I assume that the expansion of fair trade jasmine rice depends primarily on the creation of new markets for the product; a demand for the product will drive an increase in supply. The production of fair trade rice is currently growing at a faster rate than the demand for the product. In 2001 alone, the number of fair trade farmers in the Natural Agricultural Group and Yasothorn Farmer Group Network combined grew by 18 percent.¹⁸ During this same period, fair trade rice consumption has remained constant in Europe.

Most of the farmers that have switched from conventional production to fair trade were previously independent farmers that sold primarily to middlemen. The targets for fair trade production are small scale farmers, and the Food and Fertilizer Technology Center points out that, “the majority of Thai farmers are still small-scale.”¹⁹ Specifically, the Agricultural Economics Department estimates that 53.81 percent of farmers have a land holding of less than 3.2 hectares.²⁰

The more attractive fair trade production becomes as an alternative to conventional production, the more farmers will be willing to convert. According to statistics from the International Rice Research Institute (IRRI), the world price of conventional Thai rice has been declining steadily since the mid-1990s, with prices of \$385 per ton of rice in 1995 to \$185 per

¹⁷ “National Study: Thailand,” United Nations Social and Economic Commission for Asia and the Pacific, <http://www.unescap.org/rural/doc/OA/Thailand.PDF>

¹⁸ Maller, Meredith, “Jasmine Rice Overview,” CIEE Thailand, Fall 2003.

¹⁹ Food and Fertilizer Technology Center, <http://www.agnet.org/library/article/eb344a.html>

²⁰ Food and Fertilizer Technology Center, <http://www.agnet.org/library/article/eb344a.html>

ton in 2002,²¹ and the current prices are lower than any prices since the early 1970s. In Thailand, many small farmers are switching from production for personal consumption to production for export, and the supply of exported rice is steadily growing. In fact, Thai rice exports are currently at an all time high of 6,140,300 tons annually, as opposed to 1,573,700 tons in 1961.²² An increase in supply of jasmine rice will decrease the market price, unless there is a subsequent increase in demand for the product. As the market price for rice decreases, the floor price for fair trade rice will be relatively higher.

There is a pending free trade agreement between Thailand and the U.S. that would likely further increase the amount of Thai rice imports. In October 2003, President George Bush and Thai Prime Minister Thaksin Shinawatra announced plans for a U.S.-Thai free trade agreement. Negotiations will begin in June, 2004, and the agreement will certainly include provisions for more free trade in agriculture.

A free trade agreement will make it easier for all Thai producers, both conventional and fair trade, to sell in the U.S. Such an agreement would benefit all Thai rice producers, who would be able to sell more rice at a lower price to the U.S. and there will likely be a further increase the number of Thai farmers that export conventional jasmine rice to the U.S. Currently, the U.S. applies a system of duties, which are taxes on imports, to Thai rice producers. A simple model of supply and demand demonstrates the difference in price and quantity that would exist in the absence of a rice duty. Graphically, we can see that this tax has the effect of shifting the supply curve (or Thai rice imports) from S to S1. I have drawn the graph assuming that the tax is borne partially by consumers of Thai rice and partially by Thai rice producers. Instead of paying a market price of P, as they would in the absence of any tax, consumers pay a

²¹ International Rice Research Institute, <http://www.irri.org/science/ricestat/pdfs/Table%2018.pdf>

²² International Rice Research Institute, <http://www.irri.org/science/ricestat/pdfs/Table%2012-feb.pdf>

market price of P1. At the same time, however, producers only receive a price of P2. Lifting the rice duties would lower the price for consumers while raising the price for suppliers.

Furthermore, it would increase Thai rice consumption from Q to Q1.

Less protectionism will likely mean higher prices for all Thai farmers but lower prices for rice consumers. Such a situation will likely benefit fair trade jasmine rice. Although it will lower the price of conventional Thai rice, one of the competitors to fair trade jasmine rice, it will also lower the price of fair trade jasmine rice itself. Since U.S.-produced rice currently dominates the rice market, and free trade in rice would make Thai rice, both conventional and fair trade, more competitive.

Market

Almost all of the rice that U.S. consumers eat is grown in the United States. Although U.S.-grown rice accounts for only 1.4 percent of world rice production, American rice farmers provide 89 percent of the rice for domestic consumption. Furthermore, the U.S. is currently the second largest rice exporter, accounting for 18 percent of rice trade, and second only to Thailand.²³ Most U.S. rice is grown in California, Florida, and Texas.²⁴

As more farmers in the world begin to produce for export due to modern varieties with higher yields, trade agreements that increase access to markets, and globalization that links buyers and sellers, the world trade in rice is growing rapidly. The U.S. is simultaneously producing more rice than ever before and yet increasing its imports. In 1990, only 5 percent of rice was imported, today 11 percent is imported. A growing Asian-American population likely accounts for much of imported rice; eight of the ten Asian-Americans that I surveyed eats

²³ www.census.gov

²⁴ <http://www.riceweb.org/countries/usa.htm>

imported rice (for survey results, see **Appendix 4**)

This trend of increased rice consumption is not specific to the U.S. Rice consumption has increased over the past five years in all of the top 18 rice-consuming countries in the World.²⁵ An increased number of rice-consuming immigrants has increased per-capita consumption in the U.S. and Europe, while growing incomes in many Asian and African countries and falling rice prices has increased rice consumption there, as well.

Europe versus the U.S.

Clearly the most important factor affecting whether fair trade jasmine rice can expand to the U.S. is whether the creation of a fair trade rice market in the U.S. is possible. Studying the results of fair trade rice in Europe should provide some insights, but it is difficult to compare the U.S. market with the European market because there are some marked differences. At least five European governments, Belgium, Denmark, France, the Netherlands, and Switzerland, subsidize fair trade education campaigns.²⁶ In contrast, Margaret Levi and April Linton note that, “TransFair USA hardly has an advertising budget.”²⁷ Europe has extensive experience mobilizing around food issues, as demonstrated by the response to the Mad Cow epidemic or the current campaigns against genetically modified food. Europeans appear to generally give more attention to the origins of their food. In addition, European fair trade activists have formed alliances with certain political parties, notably the labor and green parties, to bring attention to fair trade issues. While the American equivalents of these parties may be equally receptive to fair trade promotion, these parties have less power in the U.S. than in Europe.²⁸

²⁵ http://www.foodmarketexchange.com/datacenter/product/grain/rice/detail/dc_pi_gr_rice0802_01.htm

²⁶ Levi, Margaret and April Linton, 419

²⁷ Levi, Margaret and April Linton, 420

²⁸ Levi, Margaret and April Linton, 419

One major difference between Europe and the U.S. is that EFTA NGOs sell fair trade products in fair trade shops known as One World Shops. Just like an organic food store in the U.S., One World Shops allow consumers to shop without checking labels; they know that everything in the shop has reached certain criteria. Such a system clearly allows for economies of scale in marketing. Fair trade activists can market the entire concept of the store, rather than marketing different goods individually. One World Shops particularly benefit fair trade goods, such as rice, that have a low profile and might otherwise go unnoticed on the bottom shelf of the supermarket. These stores, and speciality food stores that could also sell fair trade products, are more widespread in Europe than in the U.S.

For the reasons above, nearly every fair trade thus far has been more successful in Europe than the U.S., notwithstanding the fact that Europe started selling fair trade goods earlier than the U.S. For example, fair trade certified coffee beans currently account for 3 percent of the coffee market in the Netherlands, and only 0.2 percent in the U.S. There has generally been little correlation between fair trade consumption patterns in the U.S. and those in Europe. For example, fair trade coffee distribution has remained primarily confined to specialty markets, while fair trade coffee distribution in the U.S. has reached diverse markets. For these reasons, it may be more effective to study the fair trade coffee market in the U.S. than to study the fair trade rice market in Europe.

Coffee versus Rice

In order to determine how U.S. consumers would react to fair trade rice, it could be helpful to study how U.S. consumers react to fair trade coffee. It is important to note how producers market their goods, what retailers sell fair trade products, how consumers make their

buying decisions, how consumers react to changes in prices, and who the fair trade consumers are.

Product Differentiation

Product differentiation has two implications for fair trade products, first as a measure of how much attention consumers give to their buying decisions, but also as a measure of what products consumers prefer.

There is a great deal of product differentiation in the coffee market, as demonstrated by the fact that there are entire stores dedicated only to coffee. Any coffee connoisseur can discuss the differences between *Coffea Arabica* and *Coffea Robusta*. Generally the highest quality *Coffea Arabica* is used in specialty varieties of coffee, and the better tasting the coffee, the more difficult it was to grow and therefore the higher its price. As a result, coffee producers do not compete on price alone. Levi and Linton note, “These companies compete on the bases of quality and product differentiation (e.g., a coffee’s origin and the style in which it was roasted) much more than price.”²⁹

In this context, fair trade labeling can serve just as any other distinguishing feature of a coffee. Because consumers are interested in the different features of a particular coffee, they are likely to take note of a fair trade label. All fair trade coffee is Arabica coffee, and thus fair trade coffee is well-situated to appeal to consumers that seek high-quality rice.

Just as there is a major distinction between *Coffea Arabica* and *Coffea Robusta*, there is a major distinction between two types of rice, *Indica* and *Japonica*. With certain exceptions, farmers in tropical climates, such as the Thai climate, grow *Indica* rice, while farmers in Japan

²⁹ Levi and Linton, 409.

and Indonesia grow Japonica rice³⁰. Within each category, there are more broad categories, such as Jasmine rice and Basmati rice, which are both types of Indica. Unlike the two types of coffee, however, there is not one type of rice that is specifically of higher quality than the other. Rice consumers do not universally prefer one type of rice over the other.

The consumer's *recognition* of rice product differentiation depends very much on the type of consumer. The average American consumer may have very little awareness of the great variations in rice. Apart from Asian supermarkets, which may sell a diversity of rice varieties, there do not seem to be any rice specialty stores, unlike the large number of coffee specialty stores. While 80 percent of Americans drink coffee daily,³¹ most people that I surveyed reported that they ate rice less than twice per week.³² Even if people do have specific preferences for a certain species of rice, they may not be able to distinguish between high quality and low quality rice. Furthermore, empirically, it appears that average consumers give less time to their rice buying decisions than they do to their coffee buying decisions. For these reasons, it is likely that if stores sold fair trade jasmine rice, consumers might not even notice it. There would have to be some sort of massive marketing campaign just to get average consumers to consider their rice consumption decisions.

In contrast, Asian-American consumers appear to give much more consideration to their rice-buying decisions. Of the 10 Asian-American college students that I surveyed, 7 could specifically describe the type of rice that their families eat, and all claimed to eat rice at least once per day when home.³³ Furthermore, while all expressed that their families had some loyalty to a particular *type* of rice, most claimed that they do not always buy the same *brand* of rice. It is

³⁰ Hanks, Lucien M, "Rice and Man: Agricultural Ecology in Southeast Asia," Chicago: Aldine Publishing Company, 1972, 18.

³¹ http://starchefs.com/news/press_releases/html/newsdetails.php?news_id=27

³² Rice Consumption survey, May 2-5, 2003.

³³ Rice Consumption Survey, May2-5, 2004

possible that fair trade jasmine rice would get more attention in an Asian Supermarket than it would in a conventional supermarket.

Consumers

The expansion of fair trade rice to the U.S. market depends on what sorts of buyers would be potentially interested in purchasing fair trade jasmine rice. There must be analysis of whether potential buyers of fair trade jasmine rice would be individual consumers or institutions, and whether they would be people who are currently consumers of jasmine rice, organic rice, other types of rice, or other types of cereals.

The primary fair trade coffee consumers have been overwhelmingly individual customers. Fair trade coffee has reached many different coffee sales outlets, specifically over 7,000 retailers, including coffee shops and organic food specialty stores, but also conventional supermarkets and convenience stores. But while individuals have increased their consumption of fair trade coffee, Laura Reynolds writes that, “U.S. institutional sales are currently low.”³⁴ Fair trade activists are currently changing strategy to focus on institutional buyers. In 2003, Yale University Dining Services switched to fair trade coffee. Currently, the U.S. Congress’s Subcommittee on Civil Service and Agency Organization is examining a July, 2003 proposal for the executive and legislative branches of the U.S. government to switch to fair trade coffee. It is possible that activists understood that they could not market fair trade coffee to institutions until there was mass understanding of the issue. Institutions would not switch to fair trade coffee unless the people in the institutions were supportive. Because fair trade NGOs have advertised

³⁴ Reynolds, Laura T, “Consumer/ Producer Links in Fair Trade Coffee,” *Sociologia Ruralis*, Vol 42, Number 4, October 2002, 413.

fair trade products to individual consumers, the public has some understanding of the concept of fair trade. Both institutional and individual support for fair trade will likely grow in the coming years.

There are three large categories of consumers that could be possible fair trade jasmine rice consumers: Asian restaurants, Asian-American individual consumers, and non Asian-American individual consumers. I assume that Asian-Americans are the largest category of rice consumers; the Asian-Americans that I surveyed consumed, on average, approximately seven times more rice than non-Asian Americans.

According to the 2003 Census, there are currently 10.2 million Asian-Americans in the U.S., but only 48,400 first-generation Thai people.³⁵ Many Asian-Americans have a preference for rice from their home country, however very little rice is imported from certain countries, such as China and the Philippines, that have large populations in the U.S. My survey did not include any South Asians, which is the third largest Asian-American population, but I assume that South Asians have a preference for Basmati rice, which is widely available in the U.S., and thus they are not potential jasmine rice consumers. Of the Asian-Americans that I did survey, the most common type of rice consumed was jasmine rice. The International Distribution Company (Hamden, CT), which is the largest source of Thai jasmine rice in Connecticut, claimed that their customers were primarily from Asia, but not necessarily from Thailand.

Rice consumption in the U.S. is relatively much lower than that in Asian countries, although it appears to be rapidly increasing. In 1980, per capita rice consumption was 9.4 lbs per person, today it is over 20 lbs per person, with almost all of this growth in the category of “direct consumption.”³⁶ The growing Asian population explains much of the increased rice

³⁵ www.census.gov

³⁶ Ibid.

consumption; according to the U.S. Census, in 1980 there were 3.7 million first generation “Asian and Pacific Islanders,” today there are over 10.2 million. However, an increase in the Asian population from 1 percent of the U.S. population in 1980 to 4 percent of the population in the 2000 could not alone account for a doubling of rice consumption for the entire population.³⁷

I suspect that much growth in rice consumption is connected to the rising popularity of Asian restaurants. In New Haven alone, there are six Thai restaurants for a population of 124,000³⁸ and the Thai Restaurant Association estimates that there are over 3,000 Thai restaurants in the U.S.³⁹ While the greatest consumers of rice are individuals, the greatest consumers of *jasmine* rice are restaurants. Furthermore, a sales clerk from the International Distribution Company stressed that Thai restaurants are not the only type of restaurant that purchase jasmine rice, many Chinese restaurants do as well, particularly those that serve cuisine from Southern China.

Another group of potential fair trade consumers is current consumers of organic rice. The largest group of consumers of organic rice, however, does not appear to be Asian-Americans, but rather non-Asian Americans from certain regions of the country. Organic rice currently accounts for 32,000 hectares of farmland in the U.S., most of which is in California. Although there are no statistics describing the geographical distribution of organic food consumption by commodity, most organic food consumption is concentrated in the West, particularly in California.⁴⁰ Incidentally, this area of the country also has the highest concentration of Asian-Americans, as 48.8 percent of Asian-Americans live in the West.⁴¹

³⁷ www.census.gov

³⁸ Federation for American Immigration Reform: <http://www.fairus.org/Research/Research.cfm?ID=923&c=9>

³⁹ <http://thairausa.com/>

⁴⁰ Guthman.

⁴¹ www.census.gov

In terms of its potential consumer base, fair rice may more easily attract a large number of customers than fair trade coffee. The large number of institutional jasmine rice buyers means that fair trade activists can promote fair trade jasmine rice to a relatively small number of potential buyers. Furthermore, the geographical concentration of Asian-Americans and organic consumers will make marketing less expensive and potentially more effective.

Marketing

Although fair trade education campaigns have been smaller in the U.S. than in Europe, it appears that much of the growth of fair trade coffee has been the result of increasing public awareness. Fair trade coffee consumption grew 79 percent in the U.S. between 2000 and 2001.⁴² NGOs have promoted fair trade coffee through pamphlets in coffee shops and specialty stores, advertising in various publications, and mass protests encouraging various retailers, such as Starbucks, to sell fair trade.

Furthermore, many fair trade advocates have allied with large-scale coffee roasters and distributors. A number of high-profile coffee companies have advertised fair trade coffee in order to promote their own fair trade brands, including Millstone and Folgers, both of which Procter and Gamble owns. A roaster, such as Starbucks, doubly benefits from fair trade advertising, which not only promotes its own fair trade coffee lines, but furthermore improves the company's overall image, which may help all products. For the week of May 3 to May 9, "fair trade week," Starbucks is offering "fair trade blend" as its specialty coffee, a gesture that celebrators of "fair trade week" may certainly notice.

⁴² Reynolds, Laura T, "Consumer/ Producer Links in Fair Trade Coffee," *Sociologia Ruralis*, Vol 42, Number 4, October 2002, 413.

Not only do roasters have much to gain from fair trade advertising, but it may be relatively less expensive for them to advertise than for anyone else with an interest in promoting fair trade, as TransFair USA points out that roasters have the highest profit margin in the coffee supply chain.⁴³ Even if main-stream roasters do not explicitly advertise fair trade, consumers associate fair trade with the roasters' public name recognition and associated quality reputation.

Clearly, this sort of mutually beneficial collaboration may not be possible in the rice industry. There are very few high-profile rice retailers, and even most managers of Thai restaurants in New Haven said that they tend to buy multiple brands of rice simultaneously. I could not identify any specific brands of rice that seemed to dominate the rice market. The small firms that sell jasmine rice do not have any reason to improve their company images; most U.S. consumers have likely never heard of them. If selling fair trade jasmine rice means that they will have to suffer the extra expense of increased advertising to even sell the rice, then these firms may choose to not even sell the rice at all.

Because corporations will likely not contribute to a fair trade jasmine rice marketing campaign, NGOs will have to do much of the work, which could be quite expensive. While it is possible that consumers will be receptive to such a campaign because they have likely seen little advertising for jasmine rice before, it is likely that such a campaign could be ineffective, as consumers appear to give little thought to their rice-buying decisions. Perhaps fair trade jasmine rice marketing could be economically feasible if fair trade sellers joined up with already-existing jasmine rice sellers.

Consumption decisions: Quality versus Feelings of Morality

⁴³ Reynolds , 413.

I have previously assumed that fair trade coffee consumption was the result of a marketing campaign that promoted organic agriculture and higher incomes for farmers. However, people may be supporting fair trade coffee for other reasons. A survey by Margaret Levi and April Linton concluded that most consumers support fair trade coffee because it may be of higher quality. After interviewing Seattle buyers for the natural grocery chains Whole Foods and PCC (Puget Consumers Cooperative), they write:

Companies advertise social responsibility as central to their missions, and their customers are among the most likely to ask for and purchase fair trade products. However, store buyers report that their decisions to stock fair trade coffees and customers' decisions to buy them are based as much on good taste in the cup as on a desire to help coffee farmers.⁴⁴

Even a study by TransFair USA, the primary fair trade NGO in the U.S., concluded that taste affects coffee-buying decisions more than any other factor. Levi and Linton noted a number of coffee shops in Seattle that sold fair trade coffee without even advertising that it was fair trade; the selling point was not the fair trade aspect, but rather the high quality coffee bean.⁴⁵ Even when a roaster markets a coffee's fair trade label, people will not buy the coffee unless it tastes as good as well.

Julie Guthman explores consumer demand for organic produce in her article, "Fast Food/Organic Food: Reflexive Tastes and the Making of 'Yuppie Chow'." She concludes that the organic food movement was not about agro-ecological principles, but rather about "luxurious eating."⁴⁶ Organic food is symbolic of a high class lifestyle, of a lifestyle that is "inaccessible to all but the privileged."⁴⁷ People are only legitimately interested in organic processes insofar as it produces higher quality food for them to eat. Guthman was particularly pessimistic about

⁴⁴Levi and Linton, 421.

⁴⁵ Ibid.

⁴⁶ Guthman, 52.

⁴⁷ Ibid.

consumers' actual concern for the environmental justifications for organic farming. This analysis implies that altruism does not motivate consumers.

The difference between fair trade and organic goods is simply that fair trade includes extra income for farmers and that fair trade may be only transitionally organic and not entirely organic. Therefore, for consumers to buy fair trade instead of organic there must be some sort of altruistic motivation, unless fair trade products take on some symbolic significance, like Guthman's organic consumers. Consumers' only self-serving motivation for consuming fair trade jasmine rice could be a belief that it is of higher quality than normal rice because it is free of pesticide residue and other chemicals. However, as mentioned above, it is not likely that typical consumers can even detect quality differences. In order for fair trade labeling to attract consumers, it must become associated with some other characteristic, just as organic food is associated with "yuppiness." Altruism alone will not motivate the average consumer.

Furthermore, consumers may be interested in the image of fair trade products. They would like others to see them as the type of people that care about farmers' livelihoods. It is not enough to just know themselves that they are paying extra to support workers in the developing world, they would like others to know it as well. There may be social pressure to buy fair trade coffee; friends meet at a fair trade coffee house, people carry around paper cups with the fair trade logo. While customers often consume fair trade coffee conspicuously, fair trade jasmine rice is consumed at home. Once cooked, fair trade rice looks identical to conventional rice. The only people that would know whether a consumer has purchased fair trade rice are the people working at the supermarket checkout counter.

There are, however, likely some consumers that are genuinely interested in helping Thai farmers. The group of people most likely to sympathize with Thai farmers are Thai immigrants

themselves. The World Bank estimates that 64 percent of Thai people work in agriculture, and thus many Thai immigrants likely have relatives working in the agricultural sector in Thailand.⁴⁸ While there are only a small number of Thai immigrants in the U.S., these people buy a disproportionate amount of Jasmine Rice, as many are owners of Thai restaurants.

In fact, a number of managers of Thai restaurants in Los Angeles already expressed interest in fair trade jasmine rice at the U.S-Thai Convention in November 2003. Not only do Thai restaurants already purchase jasmine rice, but they likely already have much interest in helping Thai farmers. They may better understand the need for this particular form of “charity.” The Thai Restaurant Association is led by a group of restaurant owners in Northern California. The group makes business recommendations to other Thai restaurant owners and helps promote new Thai restaurants. An institutional recommendation from the Thai Restaurant Association could have a profound effect on sales of fair trade jasmine rice.

Conclusion

Fair trade production is a new system of development to transfer purchasing power from consumers of fair trade products to producers in developing countries. Fair trade production is less than twenty years old, however, and it is uncertain whether this system is ultimately sustainable, or whether it is just a trend in agricultural marketing.

It appears that the expansion of fair trade jasmine rice production is most dependent on increasing demand for fair trade jasmine rice. Fair trade farming ultimately ensures a higher income for farmers than conventional farming, and thus there are many producers that would presumably take part in fair trade production if there were a demand.

⁴⁸ World Bank website : www.worldbank.or.th

The primary concern of fair trade jasmine rice expansion is whether the market for the rice can extend from Europe to the U.S. A speculative conclusion is that there can be a market for fair trade jasmine rice in the U.S. if fair trade promoters can actively target current consumers of organic rice and jasmine rice, particularly restaurant owners. However, the marketing for such a project will be difficult and expensive, and it is likely that any campaign will only have success in limited geographical areas.

There appears to be little room for any public policy in the promotion of fair trade jasmine rice. There is no need to encourage fair trade farmer cooperatives in Thailand, because these institutions will further develop if there is an increased demand for the product. While a policy promoting fair trade jasmine rice consumption in the U.S would be highly effective, the U.S. government is unlikely to participate in such a policy because the primary competitors of fair trade jasmine rice farmers are U.S. farmers. Perhaps the best policy could be to encourage that a greater share of revenues from conventional rice reaches Thai farmers, so that there is eventually no need for fair trade systems.

Appendix 1:

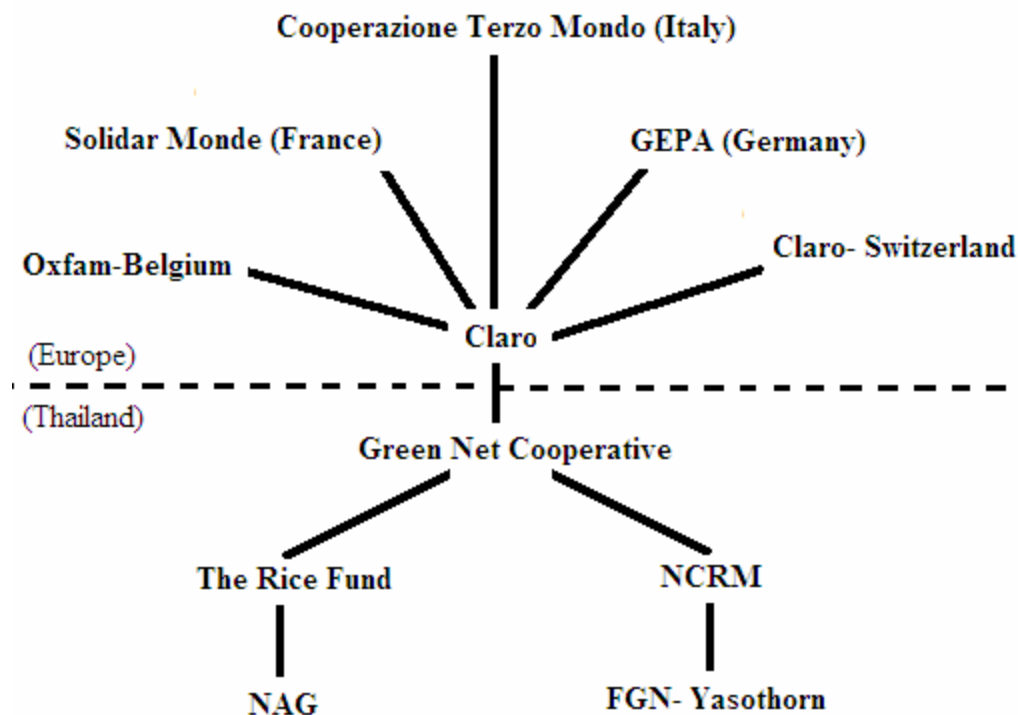
Rice Prices:⁴⁹

(baht*/kilo)

*approximately 40 baht to US\$1

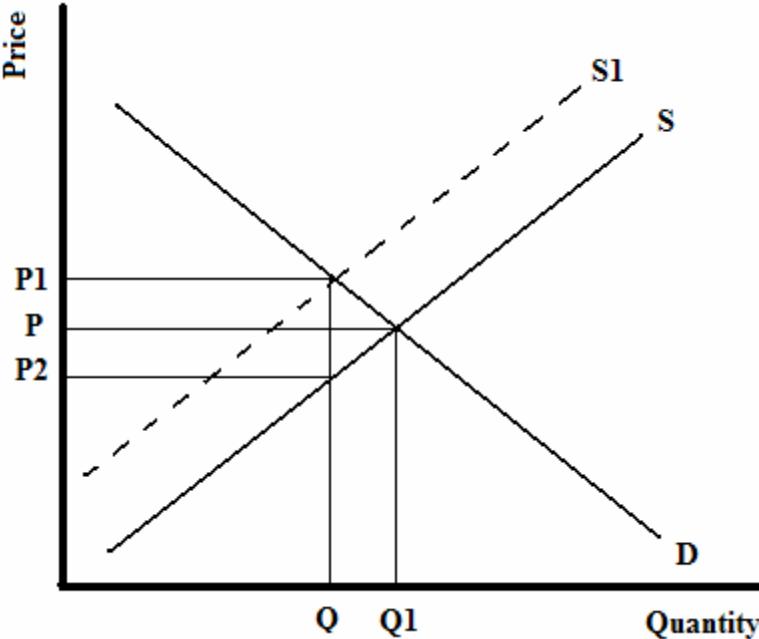
Types of Rice	Organic Quality		
	Organic Rice	Transitional Organic Rice	1 st to 2 nd Year Organic (basic)
Hom Mali 105	10.00	8.00	6.90
Tender Jasmine	7.00	6.00	-
Red Jasmine	10.00	8.00	6.90

Appendix 2:



⁴⁹ Pamphlet from Rice Fund's annual meeting on November 19, 2003. Pamphlet collected by Meredith Maller.

Appendix 3:



Appendix 4:

Rice Survey

Sample Size:

Asian Americans: 10 (I did not survey any South Asians)

Non-Asian Americans: 10

Asian Americans:

China: 6

Hong Kong: 2

Taiwan: 3

Philippines: 1

How often do you eat rice at home?

	Asian-Americans	Non-Asian American
Twice daily	2	0
Daily	10	0
Twice weekly	0	1
Weekly	0	8
Bi-weekly	0	1
Less than bi-weekly	0	0

What type of rice does your family eat? (Categories created by what people answered)

	Asian-Americans	Non-Asian American
I don't know	0	2
Many types of rice	1	0
Basmati	0	1
Organic basmati	0	1
Jasmine	3	0
Japanese	2	0
Brown rice	0	1
Organic brown rice	1	0
Asian white rice	3	0
Domestic white rice	0	4
Organic white rice	0	1

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