1. BACKGROUND

- Combining fair trade and organic reduces farmer’s livelihood vulnerability (Bacon, 2005)
- Fair Trade (Krier, 2008)
  - Major buyers: Europe, North America, Japan, Oceania
  - Major producers: Asia, Africa, Latin America
- Organic Agriculture (Helga and Kilcher (Eds.), 2011)
  - Major buyers: Europe, North America
  - Major producers: Asia, Australia, Latin America

Comparison – Opportunities and Challenges

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Organic</th>
<th>Fair Trade</th>
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</thead>
<tbody>
<tr>
<td>Scope of Standard</td>
<td>Production</td>
<td>Marketing and labor conditions at work</td>
</tr>
<tr>
<td>Consumer Motivation</td>
<td>Environment and health</td>
<td>Poverty reduction</td>
</tr>
<tr>
<td>Certification Cost</td>
<td>Producer</td>
<td>Buyer</td>
</tr>
<tr>
<td>Microfinance Institutions</td>
<td>No specific credit programmes</td>
<td>Possibility of advance payments</td>
</tr>
<tr>
<td>Price</td>
<td>Market price</td>
<td>Institutional price</td>
</tr>
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</table>

Source: Own Illustration

2. THEORETICAL FRAMEWORK

Welfare Effects of selling organic products under fair trade

3. CASE STUDY OF BLACK PEPPER IN INDIA

Problem Statement
- International volatility in pepper prices made domestic farmers more vulnerable to poverty
- Fair traded organic pepper can help to diversify agricultural export markets
- Stable income from agriculture

Research Questions
1. What are the drivers that influence adoption of fair traded organic produce by smallholder pepper farmers?
2. What is the impact of fair traded organic produce on the income and consumption of the household?

Data Collection
- Smallholder pepper farmers from Idukki district, Kerala, India
- Panel dataset 2011 and 2012
  - (i) 100 conventional
  - (ii) 100 organic certified
  - (iii) 100 organic and fair trade certified

Methodology

<table>
<thead>
<tr>
<th>Research Focus</th>
<th>Quantitative</th>
<th>Qualitative</th>
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<tbody>
<tr>
<td>Adoption</td>
<td>Multinomial analysis</td>
<td>-</td>
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<tr>
<td>Impact</td>
<td>Vulnerability To poverty</td>
<td>Performance indicators other than income and consumption that affect impact</td>
</tr>
</tbody>
</table>

4. NEXT STEPS

- Quantitative analysis using panel data sets
- Labour organisation and diversification issues to be addressed
- Results will allow assessing if fair traded organic produce arrangements will discriminate against the smaller and poorer farmers

5. REFERENCES


Source: Adapted Zilberman and Waibel (2007), modified