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Exploring Fair Trade Yerba Mate Networks in Misiones, Argentina

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UNIVERSITY OF MIAMI

EXPLORING FAIR TRADE YERBA MATE NETWORKS IN MISIONES,
ARGENTINA

By

Franklin Smith

A THESIS

Submitted to the Faculty
of the University of Miami
in partial fulfillment of the requirements for
the degree of Master of Arts

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ARGENTINA

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This thesis explores the recent growth of Fair Trade yerba mate networks in Misiones, Argentina. It is a qualitative descriptive study, researching an area presently untouched by academic scholarship. The investigation first offers a historical background of production practices and labor relations within the yerba mate sector. It also examines various theoretical considerations that both problematize and support Fair Trade commodities. A commodity chain approach is used to understand the different value-adding processes that yerba mate is exposed to as it moves along nodes of harvesting, drying, milling, distribution, and consumption. Results are based on a month-long study of three different cases in Misiones, conducted during August 2014. Findings show that these Fair Trade yerba mate networks are heterogeneous and informed by pre-existing social and economic structures; in spite of this, organizations adopt similar strategies to increase impact and ensure commercial success. The future of these organizations lies in their continued ability to circumvent the oligopolistic yerba mate sector in Misiones, their increased use of value-adding mechanisms, and further capacity to appeal to consumers in international markets.

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Last, I would like to thank my family. They have been my strongest anchors and sounding-boards in this process. It seems impossible to truly communicate this appreciation – hopefully the thesis itself will serve as a testament to their boundless encouragement, optimism, and love.

“Selva, noche, luna
pena en el yerbal
el silencio vibra
en la soledad
y al latir del monte
quiebra la quietud
con el canto triste
del pobre mensú.

Yerba verde yerba
en tu inmensidad
quisiera perderme
para descansar
y en tus hojas frescas
encontrar la miel
que mitiga el surco
del latigo cruel”

Ramón Ayala – “El Mensú”

“Caminante, son tus huellas el camino y nada más;
no hay camino, se hace camino al andar.
Al andar se hace camino, y al volver la vista atrás,
se ve la senda que nunca se ha de volver a pisar.
Caminante, no hay camino, sino estelas en la mar”

Antonio Machado, Poeta español (1875-1939)

Quoted in *El Tractorazo: Crónica de una Epopeya*

by

Juan Ricardo Kelm (2013)

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CHAPTER 1: Introduction

In 2013, yerba mate was officially deemed the “National Infusion” of Argentina. This symbolic act highlights Argentina’s deep historical and cultural connection to the plant, *ilexis paraguarensis*. Today, millions of South Americans drink yerba mate, drawn by its energizing properties and its place in a ritual of sharing and companionship. It is cultivated exclusively in three countries of the world: Argentina, Brazil, and Paraguay. In Argentina, 90 percent of the yerba mate grown domestically comes from the province of Misiones, providing a critical source of livelihood for farmers, agricultural workers, and their families (Lawson 2009; Gortari 2007).

However, in spite of yerba mate’s venerated status as a national beverage, there are deep structural problems with the sector. Since the 17th century, hired laborers have contended with high levels of marginalization, abuse, and poverty. Due to ineffective government regulation and control of the market by large agri-businesses, small farmers are economically unable to sustain production, forced to abandon family lands in search of new sources of income (Gortari 2007). Social protest movements have called for reform of the sector, but as of yet, have only been partially successful. In this light, various actors began exploring alternative solutions for these problems. A promising and compelling answer lies with the Fair Trade movement. Essentially, participants in Fair Trade – workers, producers, and consumers themselves – push for issues of social justice and economic equality. This translates into regulated working conditions for laborers and a “fair” price paid to agricultural producers for their goods.

Recently, a small amount of yerba mate producers in Misiones have become involved in Fair Trade networks. Sales are focused on emerging markets in North America and Europe, although some organizations also connect with consumers domestically. International markets especially provide new opportunities for expansion. This is due to a number of factors: deepened transnational ties resulting from globalization, the rise of ethical consumerism, and the growth of the alternative health food niche (Ballvé 2007). For example, one prominent distributor in North America – Guayakí yerba mate – posted a 50 percent increase in sales from 2007 to 2008 (\$7.3 million to \$11.8 million) (Boyd 2009: 72).

Although such developments may prove ultimately beneficial for small producers and agricultural workers, no academic study to date has detailed the inner workings of the Fair Trade yerba mate sector. The following investigation explores the recent growth of Fair Trade yerba mate networks in Argentina, situating these networks within a larger body of scholarship that both problematizes and supports Fair Trade commodities. It employs a commodity chain approach to understand the different value-adding processes that yerba mate is exposed to as it moves along nodes of harvesting, drying, milling, distribution, and consumption. Results are based on a month-long study of three different cases in Misiones, conducted during August 2014. Research shows that these Fair Trade yerba mate networks are heterogeneous and informed by pre-existing social and economic structures; in spite of this, organizations adopt similar strategies to increase impact and ensure commercial success. The future of these organizations lies in their continued ability to circumvent the oligopolistic yerba mate sector in Misiones, their

increased use of value-adding mechanisms, and further appeal to consumers in international markets.

The investigation is structured as follows. The first section provides a basic overview of yerba mate production practices, tracing use and cultivation from pre-Columbian times to the present day. It takes a long historical view of the issue, emphasizing the importance that inherited social and economic structures play in influencing current problems. The second section is a review of Fair Trade and commodity chain scholarship. Here, studies of other commodities raise important theoretical considerations that can be applied to the case of yerba mate. The third section gives the results, exploring three different Fair Trade yerba mate networks in Misiones: Kraus S.A., Titrayju, and Guayakí Sustainable Rainforest Products, Inc. Findings focus on organizational history, business philosophy, Fair Trade participation, commodity chains, and value-adding mechanisms. The final section provides analysis and conclusions, applying theoretical and historical considerations from the literature review to the research results. The investigation concludes by comparing networks, offering policy recommendations, and suggesting areas for further exploration.

Methodology

The aim of this investigation is to deepen understanding of Fair Trade yerba mate networks in Misiones. Existing academic research examines yerba mate history and production, as well as various Fair Trade commodities, but as of yet has not addressed the

intersection of the two. As such, this is an exploratory descriptive study, providing necessary background information where none currently exists.

A qualitative case study approach was adopted to carry out the investigation. Qualitative methods are necessary here, first, because of the exploratory nature of the research problem. As these methods employ open-ended questions and emerging design, they are useful when important variables are unknown or unclear prior to investigation (Creswell 2009). They give flexibility and the ability to alter area of concentration while conducting the study. The qualitative use of inductive analysis on multiple forms of data is also significant, as it allows for the organization of findings into generalized observations and broader themes. In addition, this approach focuses on “individual meaning and the importance of rendering the complexity of a situation (Creswell 2009: 4).”

Case studies were chosen as the strategy of inquiry. Two organizations (Kraus S.A. and Guayaki) are the only certified “Fair for Life” yerba mate producers within Argentina, while the third (Titrayju) is uncertified and more akin to a social movement. Exploring these organizations in depth allows for the continued elaboration of important themes and issue areas. Cases can be compared and contrasted to yield generalizable observations, which can be applied to theory and studies of similar commodities. The specific cases used for the study were selected based on preliminary research into the Argentine yerba mate sector. Essentially, the cases examined are all of the existing Fair Trade yerba mate networks in Misiones.

The study is first based on a secondary literature review of yerba mate production practices, as well as theoretical considerations of commodity chains and Fair

Trade networks. A review of the yerba mate sector is conducted through examination of books and scholarly journals, written in both English and Spanish. In addition, articles from contemporary periodicals and internet sources give an up-to-date perspective of the yerba mate field. Fair Trade and commodity chain theory is found in scholarly books and journals that focus on social movements, development studies, and economic geography. This secondary literature review establishes a valuable background in which to present the findings of the study. It allows for an appeal to historical determinants and forces, as well as creating a context with which to connect theory and practice.

Data collection was carried out before and during field research, which occurred as a month-long trip to Misiones in August 2014. The trip was partially financed by a Graduate Field Research Grant from the Center for Latin American Studies, University of Miami. Preliminary investigation entailed research into each producer organization: information was found in scholarly journals, current periodicals, and internet sources. This initial investigation, combined with the results of the literature review, allowed for the formulation of research themes and areas for potential exploration. During field research, data collection procedures included participant observation, interviews, and document collection.

Participant observation occurred while officials were involved in other tasks and responsibilities, giving the researcher the ability to experience Fair Trade yerba mate networks first-hand. For example, one day I had the opportunity help harvest and process yerba mate. Another day, I acted as chaperone for a school trip to the Reserva Agroecologica Iguazú. These were immersive experiences, putting me into contact with different forms of knowledge and practices that could not be gained through direct

interview. Participant observation increases the validity of the study, moving towards a holistic understanding of the phenomenon and highlighting the importance of knowledge gained from all actors involved (Creswell 2009).

Interviews were open-ended and unstructured, conducted (literally) in the field with organization officials and business leaders. Many of these interviews “snowballed” into contacts with other key actors. In addition to individuals associated with the Kraus, Titrayju, and Guayakí cases, the researcher spoke with members of the Instituto Nacional de la Yerba Mate, Ruta de la Yerba Mate, Universidad Nacional de Misiones, Institute for Marketecology; and Ferias Francas de Misiones. Data was recorded during and after research; due to the ambulatory and unstructured nature of these interviews, all notes were taken by hand. In addition, various key documents were collected during research, often recommended or provided by the individuals mentioned above.

The study may be biased in certain ways that are worth noting at the outset. Although I am functionally fluent in Spanish, it is possible that I mis-interpreted the content of some conversations. My general affinity for yerba mate -- and concern for those who produce and work with it -- may have influenced the collection, presentation, and interpretation of findings. I want to take a balanced look at Fair Trade, but am infected with an optimism about the possibilities and potentialities of the plant. Research subjects may also not have been entirely objective in their interviews. Indeed, it is in their best interest to present a successful and well-functioning Fair Trade organization, especially to a researcher from abroad. In addition, the investigation may have left out some key actors in the sector, as yerba mate production involves tens of thousands of people in Misiones. Specifically, I only conducted interviews with organization officials

and leaders, as time and availability constraints did not allow me access to laborers themselves. As such, the thesis is possibly missing an important viewpoint of the phenomenon; I tried to mitigate this by appealing to secondary accounts and previously recorded histories of yerba mate working conditions.

To the best of my knowledge, though, this study provides a comprehensive overview of Fair Trade yerba mate networks in Misiones. It shows that although these networks are very different from each other, they are still subject to the same historical forces and necessities for commercial success. They are all moved, to varying degrees, by “ethical” business philosophies and the need to pursue social and economic justice. These organizations are discovering new opportunities in international markets, and as such, are creating new ways to connect with and appeal to foreign consumers. Yerba mate has always been an integral part of *misionero* culture; the challenge now, however, is in sharing this special plant with the rest of the world.

Basic Facts about Yerba Mate

Yerba mate (*ilexis paraguarensis*) is a plant in the holly family, originating in the Atlantic Forest of South America. It is grown exclusively in the countries of Argentina, Brazil, and Paraguay. Yerba mate is traditionally renowned for its energizing and digestive properties, although in recent years science has uncovered numerous other health benefits associated with the plant. It has been found to contain: high levels of antioxidants and saponins; Vitamins A, C, E, B1, B2 and B5; and calcium, manganese, magnesium, potassium, iron, phosphorous, and zinc. These work together to aid in

increased mental clarity, sustained energy levels, a strengthened immune system, allergy relief, weight loss, diabetic treatment, and the lowering of blood pressure. Although proponents of yerba mate postulate additional benefits – like fighting against cancer and a special compound called *mateine* – such claims have not been acknowledged by the broader scientific community (Aviva 2013).

The dried leaves of yerba mate are traditionally drunk as a hot infusion, using a special straw made of metal or cane (*bombilla*), and a vessel made from gourd or wood (*un mate*). This practice is most common in the countries of Argentina, Uruguay, Brazil, and Paraguay, where drinking mate is an integral part of the diets and culture of millions of people. The act of drinking yerba mate also carries special significances of sharing and fellowship; the *mate* is normally passed leisurely from person to person in a group, with one individual continually preparing the infusion (*el cebador*). The shared straw is especially significant here, as it indicates a level of trust and openness between individuals. Yerba mate is also consumed in other forms -- cold with fruit juice or in bags like a traditional tea.

Processing and cultivating yerba mate, from start to finish, takes years. After the yerba mate plant initially flowers, 2-4 years must elapse before it can be harvested. The prime period for harvesting is actually between 7-8 years of growth. This normally happens between the months of April and September, which provide the most yield in terms of quantity and quality. The harvested material (leaves and small branches), once taken from the plant, undergoes a drying process lasting up to 24 hours. Drying is performed by exposing the *hoja verde* (just-harvested green leaf) to heat– either smoke from a fire, natural gas, or other alternative sources. Once dried, the yerba mate goes

through a primary process of separation, whereby larger sticks must be separated from the desired product. This *yerba canchada* is then stored for a period of 6-24 months; like wine, this aging brings out certain flavors in the plant, and is largely dependent on the technology, economic necessities, and philosophy of the processor. After aging, the yerba mate undergoes another cleaning and milling phase, eliminating more undesirable material (mostly sticks). Finally, the yerba mate is packaged into large bales, and re-packaged for resale in grocery stores, markets, and other sources of distribution (Gortari 2007: 331). It is most important to note the economic and material resources necessary for drying and milling. Large plants and machinery are required to perform these operations, requiring significant capital investments. As such, the traditional production chain of yerba mate involves input from a number of actors – agricultural workers, farm owners, operators of *secadores* (dryers) and *molinos* (mills), packagers, transportation, governmental regulatory bodies, and final distributional outlets.



Map of Misiones, Argentina
by
Administrative Department
with
Locations of 3 Fair Trade Yerba Mate Producers

CHAPTER 2: History of Yerba Mate Production Practices and Labor Relations

The following section sketches out the evolution of yerba mate production in Argentina. It argues that historical forces play important roles in determining the structure of, and attendant conflicts within, the present-day yerba mate sector. On one level, this is clear in labor relations. As the cultivation and processing of yerba mate is labor intensive, workers have always been a necessary part of production. The source of this labor has historically come from the lower and marginalized classes (Guaraní tribes, Brazilian and Paraguayan immigrants, or the rural proletariat in Misiones). As these groups lack representation and political power, they are continually subject to harsh working conditions and exploitation (Gortari 2007; Bowles 2013). Although the key actors in these labor relations may change over time, this basic pattern still remains.

On a different level, historical forces are important in determining how small producers themselves interact with the market. Since the early 20th century, small farmers have been part of an oligopolistic market system – essentially, where large processing and distributing firms control terms of exchange and purchasing prices. Government regulation and social movements have arisen to combat this inequality, but these powerful interests still find ways to maintain influence. As such, social and economic divides are reproduced over time, while continually drawing in new groupings of actors with new strategies for change. Production and consumption of this important plant continues, but there are always areas of contestation between laborers, producers, processors, and distributors. In this context, it is clear that the current face of the yerba mate sector in Misiones reflects centuries of inherited inequalities. Only by

understanding how these patterns arise, are reproduced, and evolve is it possible to comprehend the present structure and future developments of yerba mate in Argentina. This is especially key for the case of Fair Trade, as many of its fundamental aims push for change precisely in these social and economic spheres.

A Guaraní legend tells the story of how the goddess of the moon, Yari, and the goddess of dusk, Arai, descended to Earth. After walking in the rainforest for days, the goddesses came upon a hut, deciding to go inside and seek rest. Just before they arrived, an angry jaguar jumped out of the bushes, blocking the trail. At that moment, an old Guaraní man shot two arrows into the jaguar's side, killing it and saving the goddesses from harm. The Guaraní then invited Yari and Arai into his home, offering food and shelter for the night. The following day, Yari and Arai left, ascending back into the sky. That night, the Guaraní and his family fell into a deep, dreamy sleep. In the morning, they awoke to find their hut surrounded by magnificent trees with dark green leaves and thick white flowers. They fell on their knees and wept with joy at this wonder. Suddenly, Yari descended from heaven and revealed her true identity as the goddess of the moon. She explained that this tree was a gift from the gods, a prize for the Guaraní's goodness and strength. It would provide them with energy and health, fellowship and strong communities. Yari called the plant *caá*, and showed the Guaraní how to toast and prepare the leaves. Over time, its use would spread through the Atlantic Forest, across South America, and beyond. *Caá* would also acquire a new name -- yerba mate.

The above story is one amongst many relating the origins of yerba mate.¹ Yerba mate has been used since pre-Columbian times by tribes indigenous to the Atlantic Forest of South America. Due to its energizing properties and ritualistic significance, yerba mate occupies a special place in indigenous spirituality, mythology, and foodways (Gortari 2007: 13). Remnants of the plant have been found in Incan tombs, suggesting its widespread use and trade far before the arrival of Europeans to South America (Folch 2010: 11). Although it is unknown exactly when yerba mate was first adopted by the indigenous peoples of South America, mythological accounts show that it played a significant role in many aspects of their daily life. With the arrival of Europeans and the expansion of trade, yerba mate would retain this significance, while gaining new meanings for workers, immigrants, traders, consumers, and budding nations themselves.

The Spanish encountered yerba mate soon after their 1537 entrance into what is now Paraguay. As the recently-established city of Asunción was isolated both culturally and commercially, early settlers quickly became exposed to indigenous practices and customs. Although the practice of drinking mate was initially resisted by some church and government officials (calling it a “drug addiction” and an “unsanitary vice”), others recognized its potential for personal consumption, trade, and economic development (Folch 2010: 21). Initially, the Spanish Crown controlled all cultivation efforts of yerba mate. Officials developed the *encomienda* system, forcing nearby indigenous populations to provide labor for part of the year. Early cultivation efforts were primitive and devastating for workers (Lopez 1974: 494). Indigenous laborers were made to leave home communities and relocate into native yerba mate groves deep within the Atlantic

¹ Adapted from a popular folk story, found on La Ruta de la Yerba Mate website: <http://www.rutadelayerbamate.org.ar/yerba-mate/historia/>

Forest (Folch 2010; Reber 1985). There, they were exposed to harsh working conditions and interminably long hours (often, ironically, using only yerba mate as a source of sustenance). Thousands of Guaraní would die harvesting or travelling to these native groves – these losses would also have ramifications for home communities left behind (Lopez 1974: 500). The yerba mate harvested in these early years was often used as a currency (due to lack of coin), as well as shipped to other corners of the Spanish Empire (the mines of Potosí being a particularly relevant example) (Lopez 1974: 499)

What surely would have been “*la aniquilación progresiva e inexorable de las comunidades guaraníes* (Gortari 14: 2007)” (*the progressive and inexorable annihilation of the Guaraní communities*)² was prevented by the takeover of yerba mate production by the Jesuits. In 1645 the Jesuits were granted permission by the Spanish Crown to begin cultivating yerba mate around their Missions in the Paraná-Paraguay system (Lopez 1974: 506). These Missions, besides their obvious purpose of religious conversion, now could use “indigenous labor to produce marketable commodities,” becoming “both self-sufficient and profitable (Jamieson 2001: 277).” The Jesuits learned the Guaraní language and offered indigenous populations protection from slavery and harsh working conditions described above (Gortari 2007: 14). Given the limited options presented by the new realities of colonial rule, scores of Guaraní communities gravitated towards these settlements.³

In addition to the cooperation of indigenous laborers, there were other factors which ensured the Jesuits’ success in yerba mate production and trade. Unlike private entrepreneurs and state officials, the Jesuits were exempt from paying sales tax, tithes,

² This and all subsequent passages in Spanish translated by the author, Franklin Smith

³ As shown in the contemporary movie, *The Mission* (1986), directed by Roland Joffé

and other special fees to the Spanish Crown (Reber 1985: 32). Perhaps most importantly, the Jesuits discovered a method to germinate and grow yerba mate seeds in a controlled setting. They closely guarded this secret, as previous attempts to cultivate yerba mate had always ended in failure. The Jesuits were thus able to establish large plantations around their Missions, while competitors were forced to trek farther and farther into the rainforest in search of untouched groves. Largely because of the Jesuits' efforts, trade and consumption of yerba mate flourished in the 17th and 18th centuries, reaching as far as Chile, Panama, and Mexico (Gortari, 2007). It even acquired a new moniker: *oro verde* (green gold).

Partially due to their protection of indigenous populations and economic successes, the Jesuits were expelled from South America in 1767. Their Missions were transferred into royal and private hands, causing huge changes in the nature of yerba mate production (Jamieson 2001: 277). The “secret” of yerba mate cultivation/germination left South America with the Jesuits; it would not be grown again in a controlled setting until the early 20th century. The Missions and surrounding *yerbales* were soon abandoned, with private and state actors once again turning to native groves in the Atlantic Forest. This led, unsurprisingly, to more exploitation and near-slavery of local Guaraní populations (Jamieson 2001: 277).

The creation of the Viceroyalty of La Plata in 1776 consolidated power in the hand of officials in Buenos Aires. For a time, cultivation of yerba mate in the areas of Misiones and Corrientes was prohibited by officials, as previous efforts had decimated the quantity and quality of native trees. Paraguayan actors took advantage of this, enjoying a virtual monopoly of the sector until the mid-19th-century. In addition to using

indigenous populations, private entrepreneurs would import unskilled laborers from urban areas (Reber 1985: 33). These workers, termed “*los mensú*,”⁴ would be “contracted” monthly into a form of indentured servitude common throughout Latin America (Gortari 2007). They would be paid barely enough to cover living expenses, once again exposed to the devastating and historically-repeated working conditions associated with yerba mate cultivation (Reber 1985: 34).

The War of the Triple Alliance (1864-1870) changed the face of the sector, lessening Paraguayan influence and placing more power in the hands of Argentine and Brazilian actors. Developments in production languished for decades, until scientists (re)discovered a method of yerba mate germination in the late 19th century (Gortari 2007: 324; Berjman, 2009). Different accounts attribute this discovery to different individuals – Carlos Thays, Federico Neuman, Antonio de Llamas, Benito Zamboni, or Pablo Allain (Gortari 2007). Both the Argentine and Brazilian states capitalized on these findings, promoting research into the plant and supporting further agricultural developments. As Brazil turned to coffee production in the 1930s, Argentina would become the world’s leading producer of yerba mate. Not surprisingly, the bulk of this yerba mate would be grown and processed in the same area where the Jesuits established their plantations – the aptly named province of Misiones.

Located in the northeast corner of Argentina, the province of Misiones has a deep cultural and historical connection to the production of yerba mate. The province currently accounts for 90 percent of Argentine yerba mate production (Bowles 2013; Gortari 2007) – not surprisingly, it is known as “*el producto madre de misiones* (Rau 2009)”(the

⁴ Coming from the word “*mensual*.”

mother product of Misiones). Still, this has not always been the case; a number of historical developments worked together to place Misiones in the prominent position that it occupies today. Even towards the end of the 19th century, yerba mate cultivation in the province was stagnating. This was due to a number of factors: “*una casi inexistente política arancelaria proteccionista, un territorio poblado escasamente, difíciles condiciones de transporte terrestre y fluvial, y la política extractiva como principal forma de producción* (de Sagastizabal 2007: 129)” (*an almost inexistent protectionist tariff policy, a scarcely populated territory, difficult conditions for land and water transportation, and extraction as the principle form of production*). Those actors cultivating yerba mate were drawing on quickly-disappearing native groves, sending harvested material to facilities in Misiones or Buenos Aires for processing.

In 1881 the territory of Misiones was federalized, and in 1890 borders with Brazil were consolidated (Gortari 2007: 324). Around this time period, various scientists discovered methods of seed germination and controlled cultivation. Also, in 1881 almost 2 million hectares of land in Misiones were sold to private parties, “*dejando instalada la estructura latifundista que permanece hasta hoy* (Gortari 2007: 16)” (*putting in place the latifundio structure that exists to this day*). Clearly, the Argentine state recognized the geopolitical imperatives of colonizing the province (which lies sandwiched between Paraguay and Brazil), as well as the economic and agricultural importance of developing a strong yerba mate sector (Rau 12: 2009). It introduced protectionist tariffs to aid the nascent yerba mate sector – Argentina, at this time, was importing the majority of its yerba mate from Paraguay or Brazil (de Sagastizabal 2007: 132). Progress in infrastructure helped to overcome challenges with transportation described above. Still,

Misiones lacked one resource which has been historically proven to be the most important factor in yerba mate production: labor.

Beginning in the 1920s, a state-run campaign encouraged European immigrants to settle in Misiones. They were sold small plots of land, under the condition that 25 to 75 percent be planted with yerba mate (Rau 2009: 8). This initial state-directed development project succeeded in uniting a variety of immigrants – Polish, Ukraine, Germans, Swiss, Russian, French, Finnish, and Japanese – under one nationality and one commodity (Rau 2009). These immigrants were key in colonizing and populating Misiones, and many of their ancestors still live in the province today as small-landholders. Yerba mate began to be seen as a “noble” product, one that could provide a dependable source of livelihood for farmers. These new settlers (*colonos*) worked their own fields and harvested their own yerba mate. Larger, plantation-style farms would continue using hired laborers (now called “*tareferos*”)⁵ – mostly immigrants from Paraguay or Brazil. *Tareferos*, once again, would have to contend with long working days, low salaries, and undependable work (de Sagastizabal 2007: 132). Over decades, due to beneficial growing conditions, dependable market prices, and state support, yerba mate became the essential product for both large and small farmers in the region. As such, yerba mate evolved into an integral component of *misionero* identity -- a source of livelihood, historical memory, and cultural reference.

The 1930s were the first source of problems for yerba mate farmers in Misiones. Booms in production led to a saturation of the market, with supply vastly exceeding demand. Prices spiraled downward, and in the face of a crisis affecting the entire productive sector, the Argentine government was compelled to create the Comisión

⁵ Coming from the word “tarea”

Reguladora de la Yerba Mate (CRYM) in 1935 (Ballvé 2007). The CRYM was responsible for instituting price controls, fixing quotas, providing subsidies, and giving technical assistance to farmers. Over time, the CRYM provided farmers with technologies designed to increase efficiency and yield – chainsaws, tractors, herbicides, and other inputs associated with the “Green Revolution” (Lawson 2009). Labor for yerba mate cultivation at this time originated mainly from the “rural proletariat” -- groups of peasants or indigenous inhabitants that had populated the province prior to the wave of immigration. Many of these laborers were displaced from lands and excluded from representation in regional communities, resulting in a disjointed class structure that continues to this day (Rau 2009).

The CRYM maintained relative tranquility in the yerba mate sector until the 1970s. This was the period of the “Green Revolution”, a time when agricultural research and development boomed in Argentina. Farmers with sufficient capital were able to invest in technologies for yerba mate clones, agricultural machinery, and agrochemicals. These farmers were then able to profit from higher yields, resulting in increased income inequality and further class stratification between small/medium and large producers (Lawson 2009: 21). At that time, social movements began pushing for higher selling prices and better regulation, the most important being arguably the Movimiento Agrario Misionero (MAM). Still in existence, MAM’s principal objective is to “*constituirse en un instrumento de defensa y control de los intereses económicos y sociales de los agricultores de toda la provincia* (Ricotto and Almeida, 2002: 3)” (*act as an instrument defending the social and economic interests of all agricultural producers in the province*). MAM used a variety of techniques to advocate for producer rights, such as

strikes and roadblocks in the 1970s, later moving to agricultural diversification, environmental protection, and the development of local farmer's markets. During the 1970s, leaders of MAM would suffer government repression (jail, torture, murder) as a response to their radical organizing activities (Gortari 2007).

The CRYM was abolished in 1991 by a series of neoliberal reforms initiated by President Carlos Menem. These reforms, coinciding with the establishment of MERCOSUR, reduced trade barriers and eliminated quotas on yerba mate production. (Lawson 2009; Ballvé 2007). This de-regulation benefitted large producers, who began to increase plantation size (the governor of Misiones included). These large producers also moved towards mechanized planting, harvesting, and maintenance technologies, greatly increasing overall yields. The resulting situation was much the same as the 1930s – a saturation of the market and diminishing returns for farmers. These neoliberal reforms and the devaluation of the peso worked together to form another crisis in the early 2000s. In 1991, farmers could sell a kilo of yerba mate for 20 cents; in 2001, they would only receive 2 cents (Lawson 2009; Gortari 2007). Large producers were able to sustain production in the face of these low prices, but many small producers were unable to continue operation. As such, many farmers were forced to abandon family lands, migrating to urban areas. Alternatively, they would turn to *trabajo en negro* (undocumented workers), employing migrant laborers from Paraguay or Brazil (Lawson 2009).

Coinciding with nation-wide political mobilizations, in June 2001 small producers and *tareferos* occupied the central plaza of Posadas (capital of Misiones) with tractors for 53 days. Dubbed “*el Tractorazo*,” this popular mobilization was a protest against the

neoliberal reforms of the 1990s and the low selling prices of yerba mate discussed above. This protest was especially significant, as it mobilized groups on a scale that had never been seen before in the yerba mate sector. The use of tractors is also symbolic; many of these machines were 40 or 50 years old, reminders of a time when government regulation in the industry was present and functioning (Kelm 2013).

Due to *el tractorazo* and mobilizations by other producer-led movements, the Argentine government again created a regulatory organization – the Instituto Nacional de la Yerba Mate (INYM). Still operating today, its purpose is to “set prices for the harvested green leaf and to promote domestic and international markets (Lawson 2009: 39).” The INYM is probably the most important entity within the yerba mate sector—in essence, it tells farmers how much they can get paid for their product. The selling price for yerba mate is decided yearly by a committee of industry representative, and; farmers must catalogue their harvest through a complex series of stamps and registrations.

The establishment of the INYM was a victory for small producers, as it provided stability and regulation in a period of price drops and fluctuations. However, it quickly became criticized as failing in its responsibilities, turning a blind eye to violations made by large agri-businesses (Gortari 2007; Kelm 2013). Essentially, the processing firms which buy *hoja verde* from small farmers pay them far less than the price set by the INYM. This is done through charging transportation and processing costs, as well as giving “advances” of only a portion of the total price. Often, farmers end up in debt, and are forced to sign away next years’ harvest, or sell their farms outright. (Lawson 2009; Gortari 2007). Recently there have been other protests and *tractorazos* (in 2002 and

2007) calling for further reform of the INYM, but none have made any significant progress in changing the functioning of the industry (Lawson 2009; Kelm 2011).

Current State of the Yerba Mate Sector in Misiones

Currently, the yerba mate sector in Misiones is composed of a mix of small, medium, and large shareholders. There are more than 18,000 producers in Misiones; 75 percent of these are small farmers holding less than 10 hectares of land. (Lawson 2009; Gortari 2007). Although these producers do account for a significant amount of yerba mate yields, large plantations are also important, with farms of more than 25 hectares responsible for 35 percent of total production (Rau 2009). This reality creates difficulties for the small shareholders, who must compete with larger ventures that can function more efficiently due to economies of scale.

There are a handful of organizations that work to promote the Argentine yerba mate industry. On a general level, the INYM is responsible for attending international trade shows and conferences, to stimulate global demand for the commodity. The Ruta de la Yerba Mate is a non-governmental organization focused on tourism, helping to increase visibility and development of all areas of the sector. Essentially, it aims to promote knowledge of “*una vida en verde yerba: el proceso productivo, su pasado, su presente, y el de su gente con sus mitos y costumbres*” (*the life within yerba mate: the production process, its past, its present, and the myths and customs of its people*).⁶ Its members -- yerba mate producers, hotels, restaurants, tourism agencies -- pay a small fee, and are included in all promotional efforts of the Ruta. The Ruta is a unique entity, in

⁶ Taken from La Ruta website: <http://www.rutadelayerbamate.org.ar/>

that is especially focused on value-adding products (like yerba mate alfajores or yerba mate ice cream), and creating tourism packages for all partners involved. Clients and tourists choose from a variety of endorsed services and establishments, and are able to experience the gastronomy, culture, and history of Misiones through the lens of yerba mate. Although the Ruta is still a young and small organization, it is an interesting example of the developmental possibilities within the industry.

The yerba mate sector in Misiones is an oligopolistic market system, characterized by a large number of sellers and small number of buyers (Rau 2009). After yerba mate is harvested, it must undergo a lengthy process of drying, milling, and packaging. These are important value-adding processes in the production chain – as of September 30, 2014, the price for *hoja verde* was set by the INYM at 2.1 pesos, while *yerba canchada* sold for 8.2 pesos.⁷ As small producers do not have the capital resources to carry out these value-adding steps themselves, many sell their raw yerba mate to larger firms for processing. Here, the oligopolistic market system works to the detriment of small farmers; due to oversupply, large actors are able to set very low purchasing prices (even in spite of controls by the INYM). As these actors are necessary parts of the commodity chain, they can effectively control the majority of production, with the 10 largest firms being responsible for 80 percent of yerba mate sales (Rau 2009).

Between 12,000 and 16,000 *tareferos* provide the majority of labor for yerba mate cultivation – these are seasonal workers who either migrate to the region or are part of the rural proletariat discussed above (Bowles 2013). Due to increased costs, low purchasing

⁷ Available on INYM website:
http://www.inym.org.ar/inyms/paginas/plantillas_contenido/Page.asp?seccion=663&pagina=300&idnove=0&plantilla=Page.asp

prices for yerba mate, and constrictive labor/welfare laws, farmers are increasingly employing these workers as *trabajo en negro*. As such, laborers do not enjoy necessary benefits normally provided by the state (social security, health care, child care, etc). What is more, *tareferos* must contend with increasingly deteriorating working conditions. Workers live for six months in impromptu camps without clean water or sanitary means, pay is intermittent and low, and working conditions are often dangerous and abusive (Mattio 2013).

It is clear that yerba mate production in Latin America – and specifically Misiones, Argentina – carries important historical connections. Yerba mate has evolved into an integral part of Argentine culture and a source of livelihood for many of Misiones’ inhabitants. The yerba mate sector, though, is plagued by hundreds of years of systemic inequities. *Tareferos* have been continually exploited; first the Guaraní, then the early rural proletariat of Misiones, and finally hired laborers from Brazil and Paraguay. Small producers are also suffering from recent neoliberal reforms and an entrenched oligopolistic market system. Social movements and government reforms have failed in correcting these problems, resulting in what some today call “an economic crisis of the yerba mate sector (Ballvé 2007).” As such, producers and academics⁸ have recently called for “*una decisión política para dar una solución al sector productivo de la yerba mate* (Gortari 2007; 431)” (*a political decision to give a solution to the yerba mate productive sector*). If this decision will come – or if new alternatives will arise to solve the aforementioned problems – is a question of significance for workers, producers, and consumers alike.

⁸ Specifically, members of la Asociación de Productores Agrarios Misioneros, in a petition submitted to the Argentine National Congress, July 19, 2007

CHAPTER 3: Theoretical Approaches: Charting a Course for Exploration

The following section examines various theoretical considerations associated with the Fair Trade social movement. It is already clear that yerba mate production in Misiones is a complex issue, with an oligopolistic market and unequal labor relations creating problems for hired workers and small producers alike. In this context, organizations that work towards “fair trade” have the potential to initiate new forms of social and economic justice. But, before exploring these new networks, it is necessary to look at previous analyses of the Fair Trade experience. Doing so brings to light potential benefits and pitfalls, considerations which can be applied to the case of yerba mate.

The section also surveys a specific method of understanding commodities like yerba mate. This “commodity chain” approach helps to map and distinguish the different value-adding processes that a commodity is exposed to as it moves along a production chain. Such an understanding is necessary for a systematic and coherent review of these Fair Trade networks. Combining both Fair Trade and commodity chain theory gives an idea of “what to look for” when exploring yerba mate networks in Misiones. We know that past experiences of Fair Trade commodities face problems of evaluation, lack of impact, “selection bias,” and paternalism – is the same the case for yerba mate? Are there observable benefits to participation in Fair Trade, like with coffee or tea? How do Fair Trade yerba mate producers relate to pre-existing commodity chains, and do they endeavor to create new linkages within the sector? What strategies do they employ for commercial successes in domestic and international markets? Only by first creating this

“road map” is it possible to explore yerba mate in Misiones with a direction, sense of purpose, and view towards the future.

Fair Trade

The Fair Trade social movement dates to the mid-20th century where, in light of post-WWII development problems, religious organizations in the global North began pushing for a more equitable system of international trade. Initially, this was accomplished by the sale of “fairly priced” artisanal handicrafts to members of church groups and social justice organizations (Lyon and Moburg 2010; De Carlo 2007). By the 1980s, agricultural products entered the sector, with coffee especially gaining prominence in European markets. Over the subsequent decades, Fair Trade products have experienced growing global successes, both in terms of quantity sold and diversity of items offered. This growth has been accompanied by a proliferation of regulatory organizations – the Institute for Marketecology, World Fair Trade Organization, Fairtrade Labelling Organizations International, European Fair Trade Association – that endeavor to create universal standards for certification and inspection (Raynolds and Murray 2007). Although many of these organizations are separated by philosophical differences, it is worth noting that, as a collective social movement, Fair Trade does have some overarching goals and principles. These are:

1. To improve the livelihoods and well-being of producers by improving market access, strengthening producer organizations, paying a better price, and providing continuity in the trading relationship.
2. To promote development opportunities for disadvantaged producers, especially women and indigenous people and to protect children from exploitation in the production process.

3. To raise awareness among consumers of the negative effects on producers of international trade so that they exercise their purchasing power positively.
4. To set an example of partnership in trade through dialogue, transparency, and respect.
5. To campaign for changes in the rules and practice of conventional international trade.
6. To protect human rights by promoting social justice, sound environmental practices, and economic security (Raynolds and Murray 2007: 5).

Essentially, the current Fair Trade system functions through the use of various certification/labelling schemes. Producers and importers of Fair Trade goods are inspected regularly by representatives of the aforementioned organizations, ensuring adherence to a set of criteria that varies with each product. Broadly, these are: paying a guaranteed price that is higher than conventional world market prices; the organization of producers into democratic groups or cooperatives (whenever possible); emphasis on ecological conservation and decreased use of chemical inputs; adherence to International Labor Organization standards; the use of a social premium to fund community development projects; and additional training in production and marketing skills. When these standards are met, Fair Trade goods are certified and distributors can place a corresponding label or “seal of approval” on the packaging of the final product. These products are then sold through a variety of channels: specialty stores, mainstream supermarkets, and the internet.

At its base, the Fair Trade system works by appealing to a sort of “ethical consumerism,” where individuals consciously exercise “positive purchasing power” to support a system of trade that is founded on human rights and equity rather than profit and exploitation. The growing popularity of Fair Trade can be understood as “an emerging response to the negative effects of contemporary globalization (Raynolds and

Murray 2007: 6).” Both producers and consumers see the results of declining terms of trade and the “race to the bottom,” and endeavor to participate in an alternative system that emphasizes social and environmental justice. Here, there is an ideological schism in the Fair Trade movement. More radical supporters of Fair Trade trumpet it as the beginnings of a new system that can exist apart from, and should eventually replace, the contemporary global market. Pragmatists still promote just and equitable relations, but seek to demonstrate that alternatives and vast improvements are possible within the current capitalist market system (Cecon Rocha and Cecon 2010: 79).

These tensions illustrate one of the fundamental paradoxes at the heart of the Fair Trade movement. In trying to address and correct the negative effects of globalization, proponents of the movement are actually appealing to the mechanism that caused it all in the first place: the global capitalist system of investment, commerce, and consumption. In essence, Fair Trade is pursuing a “market-based solution to the very problems developing from free markets (Lyon and Moburg, 2010: 1).” These doubts are becoming more salient with the entrance of large corporations – including Nestle and Starbucks – into the Fair Trade sector. Many critics (especially those from the radical side of the spectrum) now view the movement as in danger of being co-opted by more mainstream and less ideological-grounded forces (Raynolds and Murray 2007). If this is the case, Fair Trade will become slowly re-absorbed into the global capitalist system, becoming just another branch reproducing the basic logic of profit. Labels on products will be no more than another value-adding mechanism. Although it is not within the scope of this investigation to evaluate these claims, they are important to keep in mind when exploring Fair Trade yerba mate networks.

On a more practical side, Fair Trade has historically suffered from a problem common to all projects of the development encounter – measurement and evaluation. There have been surprisingly few studies that quantitatively measure the impact and benefits of participation in Fair Trade networks. This is because: (1) the benefits are so potentially far-ranging that they are hard to measure (refer back to the goals and standards of Fair Trade listed above) and (2) even if there are gains, it is difficult to directly and causally attribute them to participation in Fair Trade (Raynolds 2002: 18). Still, the few studies that have attempted purely economic measurements provide mixed conclusions. Investigations into coffee in Nicaragua find that participation in Fair Trade networks can result in both positive and negative effects on farmer income (Valkila 2009; Beuchelt and Zeller 2011). In both cases, an important element was production intensity and harvest yields – farmers always complain that Fair Trade never buys a significant share of their product.

In spite of problems with evaluation, qualitative investigations have shown that participation in Fair Trade does offer producers certain, less-measurable benefits. One of the most important is facilitating the development of social capital (Ceccon Rocha and Ceccon 2010: 79). As stated above, Fair Trade certification requires that, whenever possible, producers organize into democratic cooperatives. Although it seems paternalistic to claim that Fair Trade “causes” such organizational capacity building, the associations that stem from participation in Fair Trade are generally long-lasting and regarded positively by most individuals (Raynolds 2001). On a related note, Fair Trade also helps in the accumulation of technical expertise and market information – knowledge that producers would have a difficult time accruing on an individual basis. Distributors

in the global North are encouraged, by certification requirements, to provide technical training and other informational seminars to producer organizations. Another unique aspect of Fair Trade is its use of a “social premium” to finance community development projects. A pre-determined portion of every sale is earmarked to be used for broader community projects, such as building roads, school, health clinics, and sanitation systems. Although the use of this social premium does create tensions within producer organizations (regarding autonomy and type of project – to be examined below), it is, at least, evidence of a larger emphasis on community development rather than a one-sided pursuit solely focused on profit.

The Fair Trade system emphasizes the interconnectedness of the economic, social, and environmental spheres. As such, it promotes the decreased use of chemical inputs in agriculture, as well the development of conservation efforts. Because of these requirements, many producers of Fair Trade agricultural goods also become certified Organic (this is the case of yerba mate). Although this process is lengthier and somewhat more intensive than Fair Trade, it allows producers access to a dual-niche market, where many key actors and values overlap. Perhaps one of the loftiest goals of the Fair Trade movement is to change the nature of consumption itself, to raise awareness about the negative effects of international trade. Ideally, by forging a “relational ethic” between consumers and producers, Fair Trade will compel individuals to question their everyday patterns of consumption. People will become conscious about the origins of their foods, and act to remedy obvious inequalities. The message will snowball through networks and social circles, with every dollar spent on Fair Trade making the movement stronger and more relevant.

On the surface, this version of Fair Trade is elegant, profound, and simple – a way to connect conscious consumers in solidarity with historically marginalized producers. But, as with all development projects, the case is never this one-sided. It is already clear how many of these benefits can be illusory, or at the least, difficult to quantify. In addition to these problems, many Fair Trade networks also suffer from a “selection bias,” favoring certain producers over others. As the certification process is lengthy and somewhat capital/knowledge-intensive, Fair Trade standards “carve out new forms of distinction and uneven development...differentiating between those communities and households that possess the resources to engage in certified agriculture and those that do not (Dolan 2010: 162).” Thus, in many cases, those producers that do not have the resources to enter into Fair Trade networks are precisely those that would benefit most from participation. (Wilkinson and Mascarenhas 2007: 133). Fair Trade has been criticized for reproducing pre-existing social structures and economic disparities, instead of acting as a vehicle for their dissolution. One author even argues that these Fair Trade standards represent a new form of conditionality, echoing a main point of conflict in the development/aid literature (Dolan 2010: 162). Clearly, the occurrence of a “selection bias” would vary with commodity and certification standards, so it would be a mistake to generalize and apply this criticism to the entire Fair Trade sector. Nonetheless, it raises an important point – although the rigors of certification are meant to benefit producers, they may very well act as a double-edged sword.

Fair Trade can also embody problems of paternalism, “Westernization,” and discourse-setting that are common in the development literature. Although it may promote values of equity and social justice, these standards will nonetheless “legitimize

certain norms, identities, and institutions while marginalizing others (Dolan 2010: 169).” On a concrete level, this is exemplified in disagreements over how to use the social premium for development projects – different actors will favor different projects, based on perceived need and individual circumstances. Community members recognize that Fair Trade could not be as transformative as its goals suggest, and push for projects that are more realistic and self-sustainable, instead of those that require continued outside funding and oversight (like schools or hospitals). Sadly, many of these decisions are not made on a democratic basis, but are instead carried out by individuals occupying positions of political power (Dolan 2010: 167). Here, a connection could also be made to the occurrence of “selection bias” discussed above – Fair Trade reproduces pre-existing structures of political and social power.

These problems are also manifested on a more ideological level, where producers in the Global South find that they do not have a voice in determining the values of Fair Trade. As the Fair Trade system is becoming increasingly globalized, it must put increased emphasis on a universalizing set of standards, as well as an attendant bureaucracy to administer these standards. The situation is complicated by the entrance of large multinational corporations into the Fair Trade sector, creating a further reliance on mainstream supply and commodity chains, rendering “the process of exchange an increasingly abstract and virtual encounter for producers (Dolan 2010: 168).” Although Fair Trade organizations may make well-intentioned efforts at inclusion, it nonetheless results that producer communities become isolated from discourses and conversations about the future of the movement. This is evident in the paucity of academic commentary originating from the Global South, prompting one observer to ask: “*cual es*

la mirada latinoamericana sobre el tema? (Sosa 2009: 4)” (what is the Latin American viewpoint about the issue?).

It is necessary to pause and examine this topic further, as many studies lament the lack of voice that “beneficiaries” have about the subject (Lyon and Moburg 2010: 14). Often, producers see Fair Trade connections with the Global North as just another mechanism of aid and charitable giving (Dolan 2010: 160). And, even for those producer organizations that are ideologically integrated into Fair Trade networks, only a small percentage of their output can be absorbed by Fair Trade markets (Wilkinson and Mascarenhas 2007: 131; Moburg 2010). Thus (as discussed above), these communities may experience many non-quantifiable benefits of participation, but still miss out on any significant observable economic gains. This view – concerning the limited possibilities of Fair Trade – seems to be the most prevalent amongst commentators from the Global South (Ceccon Rocha and Ceccon, 2010; Sosa 2009). And, even if Fair Trade were able to widen its international scope and reach, some analysts still have doubts concerning its underlying aims. Dependency theory lingers in the minds of Latin Americans – the sale of more primary materials to countries in the center would only result in the reproduction of “*el círculo vicioso de la dependencia* (Sosa 2009: 18)” (*the vicious circle of dependency*). Fair Trade goods can be conceived of as primary exports, with their only added-value originating from a created “relational ethic” between producers and consumers living thousands of miles apart. In addition, the introduction of certain producer communities into a larger system of international trade – through the mechanism of Fair Trade – may affect traditional forms of production. In turn, these changes “*puede implicar e implica en algunos casos la absorción, transformación y/o*

destrucción de culturas, de visiones del mundo, en conjunto con estas otras maneras de organizar la producción potencialmente ricas en enseñanzas para un cambio futuro (Sosa 2009: 20)” (can implicate, and do implicate in some cases, the absorption, transformation, and/or destruction of cultures, worldviews and other ways of organizing production that can be potentially rich with lessons for a changing future).

As a region, Latin America has a long and storied relationship with the Fair Trade movement. Formal Fair Trade networks connecting the Global South to the North are maintained by subsidiary offices of the organizations listed previously in this section. For example, the Coordinadora Latinoamericana y del Caribe de Comercio Justo is part of Fair Trade Labelling Organizations International. These offices help to strengthen existing networks, initiate new programs, and disseminate information between consumers and producers. Such branches are necessary to translate Fair Trade expectations and goals to a local context, and (ideally) facilitate dialogue between producers and regulatory bodies.

In Latin America, coffee is responsible for more than half of all Fair Trade sales (52 percent in 2011-2012) (Fair Trade International 2013). Coffee found an early foothold in Mexico in the 1980s, and quickly spread through Central and South America. Bananas and sugarcane are other prominently traded goods, followed by flowers, cocoa, and artisanal handicrafts like weavings and jewelry (Fair Trade International 2013). Fair Trade social premium receipts from Latin America are growing, with one prominent organization – Fair Trade International – citing a 38 percent increase from 2011-2012 (€57 million in 2012). In addition to these established regulatory bodies, some

commodity importers create their own standards, buying from local farmers and avoiding formal certification channels.⁹

Alternatives to North-South Fair Trade networks have arisen in many countries, instead focusing on intra-country or regional trade. Within Latin America, there are a variety of organizations that connect producers with local researchers, NGO officials, and consumers. This type of *comercio justo* (fair trade) usually results from collaboration between pre-existing social movements, especially those involved in: “the solidarity economy, community trade, family farming, agroecology and organic agriculture, and ethical and responsible consumption (Wilkinson and Mascarenhas 2007: 129).” These *comercio justo* organizations adopt their own standards and goals, varying with local context and necessities. For example, in Argentina, organizations like “Fundación Fortalecer” and “Red Argentina de Comercio Justo” focus only on the domestic context, aiming to combat in-country inequality. Still, there are problems with these movements – limited producer power, low consumer income, and the absent role of the state. As such, Fair Trade movements in Latin America are pushing for increased government assistance and oversight into agricultural sectors (Wilkinson and Mascarenhas 2007: 131; Sosa 2009: 18).¹⁰

A brief survey of these movements highlights the widely heterogeneous nature of Fair Trade networks. When a product begins to enter the Fair Trade sector, there are a number of factors which influence the resulting structure of its commodity chain. Here, the case of quinoa provides an example potentially analogous to yerba mate. Both yerba mate and quinoa can be considered “unique” Fair Trade products. They are not

⁹ For example, Starbucks has C.A. F.E. standards; Dean’s Bean’s has “People Centered Development”

¹⁰ This is the case with Titrayju and the Cooperativa Río Paraná

traditional export goods; their prices are set in local rather than international markets; processing is done locally prior to export; and both crops have strong connections to the food sovereignty and security of local peasants (Caceres et al. 2007: 181). In the case of quinoa (and, I hypothesize, yerba mate), these characteristics had significant influence in determining the structure of Fair Trade networks. Especially important here is a pattern of “buyer-driven governance,” where exporting firms had a large say in determining product quality and organization of the quinoa chain. Researchers into quinoa created a typology of different firms and their corresponding strategies: some looked for vertical integration of supply chains, others sought out partnerships with producer organizations, while others relied merely on a “contract model” with individual farmers (Caceres et al. 2007: 186). An important point here concerns the heterogeneity of networks for Fair Trade quinoa – as it entered international markets, it was exposed to a variety of buyers, each carrying a variety of demands, specifications, and expectations. These buyers interacted with pre-existing production methods and organizations, giving rise to different types of Fair Trade networks. Recognizing the influence of these diverse forces and actors will lead to a better understanding of the origins (and future developments) of Fair Trade networks, for any given commodity.

Being the oldest and most widely sold Fair Trade commodity, coffee has been studied for decades, providing important insights and possibly a glimpse into the future of yerba mate commerce. Although there are critics that question matters of impact/evaluation and the dangers of co-optation by transnational corporations, it is generally agreed that Fair Trade coffee has provided a wide array of benefits to producers (Raynolds 2007, 2009; Rice 2001; Valkila 2009). Among these are fixed purchasing

prices above the world market rate; additional social premiums which are pegged for community development; reliable market information; organizational capacity building; and technical expertise (Raynolds 2009). It is important to emphasize the non-economic benefits of Fair Trade – organizational capacity building and technical expertise result from producers' participation in these alternative networks.

However, coffee also faces the problem of “selection bias” discussed above. What is more, producers are harvesting more coffee than they could ever sell, with only 20 percent of eligible yields going to Fair Trade markets (Raynolds 2009). This is clearly a situation which could apply to yerba mate, which already contends with over-saturated domestic markets. Raynolds provides a valuable mapping of Fair Trade coffee networks, highlighting the role that buyers play in shaping relationships of production and distribution. Within these relationships, certification is an important governing and standard-setting vehicle. In addition, there are social and non-economic norms which mediate linkages; these are “conventions rooted in personal trust, attachment to place, and social and ecological welfare concerns (Raynolds 2009: 1084).” Governance comes from a variety of directions: from formal channels like regulatory bodies, or informal sources like consumer demand and global market trends. Recognizing and mapping these influences allows for a better understanding of the evolution and future path of any given commodity.

To conclude, it is clear that the benefits, problems, and manifestations of Fair Trade networks are anything but simple. Many of the benefits from participation are either negligible or difficult to measure, but still promise new futures for community organization, development, and trade. When Fair Trade networks do develop, they may

inherently favor some producers over others – selecting those that already have resources to fulfill criteria for certification. More deep-seated problems are associated with the underlying aims and unrealistic goals of the Fair Trade movement. It can also be said, in some cases, to be an agent of “Westernization,” ignoring the voices and demands of the very producers it is professing to help. It is important, though, to not over-generalize these conclusions, for not all Fair Trade networks look the same. Some networks connect producers and consumers in the Global South, others are mediated by multinational corporations, while others are vertically integrated by a single organization. Differences between networks are largely dependent on pre-existing social and economic structures in producer communities, as well as the demands and expectations of international buyers. Although this section has only provided a broad overview of themes and issues, it will be clear that all of these considerations can be applied to the case of Fair Trade yerba mate. This general understanding is necessary to create benchmarks for evaluation, as well to establish a launch-pad for the creation of new theories and typologies.

Commodity Chains

It is clear that the recent growth of Fair Trade networks has created myriad potential opportunities and pitfalls for producers in the Global South. What is more, as these networks are developing, they are involving an ever-increasing variety of actors, production processes, and governance structures around the globe. Scholars that study Fair Trade -- and other agro-food movements like Organic, Local Food, etc. -- have been searching for a system to conceptualize these processes in an organized and coherent

way. Recently, analysts and academics have turned to “commodity approaches” to fill this gap, finding that they provide a rich understanding of the different value-adding processes that a commodity is exposed to as it moves from “extraction to conversion, exchange, transport, distribution and final use (Gezon 2010: 242).”

Although these approaches have spawned a number of different strands (Commodity Chain theory, Actor Network theory, Conventions theory, etc), for the sake of simplicity, this section will focus on commodity chain and network theory. First formalized by Gereffi (1994), commodity chain analysis strives to understand “the conditions under which value is created, realized, and reinvested...with the intention of revealing the implications for labor and bio-physical processes in different contexts (Stringer and Le Heron 2008: 3).” In addition to focusing on concrete value-adding processes, this approach highlights the importance of power relations and governance structures, as well as the organizational configuration of enterprises involved in networks (Raynolds 2002: 405). As such, commodity chain analysis moves past the purely economic sphere, to also focus on social and political sides of production, distribution, and consumption.

Especially pertinent to commodity theory is Gereffi’s distinction between “producer-driven” and “buyer-driven” chains. Producer-driven chains are those “where the concentration of capital and proprietary knowledge allows producers to dominate the industry”, while buyer-driven chains see powerful buyers as increasingly governing “enterprise participation, production processes, and product specifications in international supply chains (Raynolds 2004: 726-727).” Here, the case of yerba mate in Misiones is disjointed, skirting and inhabiting both categories. Large production firms

simultaneously act as buyers, purchasing unprocessed yerba mate from small farmers. As these small farmers do not have enough capital investment to become involved in all steps of the commodity chain, powerful firms can purchase yerba mate at prices lower than those set by government regulatory institutions (INYM). An important question to be addressed is where the burgeoning Fair Trade networks will fit into the chain (or if they will endeavor to create completely new linkages themselves). If this is the case, they will need to look for vertical integration, finding ways to take control of drying and milling stages of production.

Raynolds makes a valuable contribution to this framework by suggesting that commodity chain analysis has suffered from a historically productionist bias, ignoring important influences at the consumption-end of the network. She calls for a move away from the linear concept of the “chain” towards a more holistic understanding of “networks”. Doing so will provide greater insight into the “complex web of material and nonmaterial relationships connecting the social, political, and economic actors enmeshed in the life of a commodity (Raynolds 2004: 728).” Especially significant here are the demands of consumers themselves, whose “purchasing power” gives them increased influence in determining configuration of networks. Raynolds also stresses the need to re-examine the areas of governance and conventions. For specialized agri-food commodities, like Fair Trade or Organic, certification standards and consumer expectations have created entirely new spheres of governance.

On one level, third-party certification institutions give a sense of coherence and neutrality to the sector. They “(1) help persuade the consumer to pay cost-plus prices for homogenous goods over a longer period of time, thus (2) provide planning stability for all

actors participating in a given commodity chain, and (3) ultimately facilitate the shift from niche to mass market (Ruigrok 2001: 219).” What is more, these Fair Trade institutions draw on consumers’ conventions and viewpoints, ideally extending norms of ethics and sustainability across the entire commodity chain. However, as these networks grow, they also embody other types of governance which, in a sense, contradict their original aims. With expansion and mainstreaming of these specialty foods, certification standards are at risk of “reassert[ing] industrial and commercial quality conventions based on efficiency, standardization, bureaucratization, and price competitiveness (Raynolds 2004: 731).” In turn, such conventions reproduce existing economic inequalities between firms and producers, echoing the “selection bias” discussed in the previous section. This phenomenon has been observed in the case of Organic foods and developed Fair Trade commodities like coffee. It will be interesting to see if Fair Trade yerba mate suffers from a similar experience – this will largely depend on its ability to expand from a niche specialty product to something in a mass market with a wider consumer appeal.

Within a Fair Trade commodity network, the relationship established between producers and consumers is an essential mechanism in ensuring successes and sales. In the case of Fair Trade South African rooibos tea, Binns et al. (2007) draw on the concept of short food supply chains to explain how producers are able to imbue value within a product. The final product sold in the Global North is embedded with information about locality, farmers, and production methods -- this embeddedness “may allow the consumer to make some form of connection with information about the production milieu (Binns et al. 2007: 335).” In a sense, Fair Trade endeavors to make the perceived connection

between producer and consumer as short as possible. These connections purposefully highlight product origins and quality, while leaving out other mechanisms in the production chain, like processing, shipping, and distribution. Short food supply chains are an example of how Fair Trade establishes a “relational ethic” between producer and consumer. This relational ethic can be conceived of as a value-adding mechanism, appealing to consumers’ notions of trust, equality, and partnership. (Raynolds 2002: 410). In invoking these conventions, a product becomes imbued with an additional material and symbolic value. As Fair Trade products often inhabit other overlapping niche markets, like Organic or shade grown, this relational ethic goes farther, drawing on values of sustainability, conservation, and health.

Studies that examine Fair Trade commodity chains within Latin America have historically focused on coffee, although recent investigations also look at new networks in bananas and flowers (Moburg 2011; Ziegler 2011). Inquiries into coffee commodity chains revolve around a similar theoretical issue: the tension “between groups that see fair trade as an alternative to global capitalism and others that see it as a way to gain a competitive advantage within the structures of global capitalism (McCook 2008: 270).” These divergent philosophies in turn determine how power is distributed across the commodity chain, how processors and distributors relate to producers, and the overall potential impact of these organizations. It is also important to not discount the innovative role of the small producer. Within Latin America, commodities that enter alternative markets are doing so because of progress made on the local, community level. Small farmers, by adopting new production methods that appeal to specialized global markets, have created new spaces within the commodity chain. On a broad level, these chains

arose not from state intervention, but rather the influence of capital and the potential for further income gains (McCook 2008: 276).

In short, a commodity chain/network approach allows for a systematic understanding of the different processes involved in the evolution and valorization of a commodity. In the case of Fair Trade, value is accrued through traditional mechanisms of processing and packaging, as well as more abstract “relational ethics” created between producer and consumer. In these networks, governance comes from a number of directions: especially significant are third-party certification bodies, international buyers, and consumers themselves. When applied to the case of Fair Trade yerba mate, this approach helps to categorize and understand emerging networks. Actors respond in a number of ways to new opportunities presented by Fair Trade -- a crucial question here is whether producers are actually able to create new alternative commodity chains, or if they are still influenced by mainstream/traditional forces and actors. Are Fair Trade farmers able to circumvent existing forces within the oligopolistic yerba mate sector? Is there any vertical integration of the commodity chain? How do they invoke short food supply chains and create a “relational ethic” with consumers? How does governance work, and how do these producers relate to third-party certification organizations, international buyers, and consumers? Do they employ any other value-adding mechanisms?

Such questions become even more relevant when placed alongside considerations previously examined in this section. How do pre-existing social, economic, and historic forces within Misiones influence the current structure of Fair Trade yerba mate networks? How do farmers and *tareferos* use the Fair Trade social premium? Are there any

qualitative, abstract benefits gained from participation in these networks? Are there any quantitative evidences of social or economic impact? Are there any experiences of paternalism?

Although it may be impossible to conclusively answer all of these questions within this thesis, they do create a sort of “road map” for guided exploration. A review of Fair Trade and commodity chain scholarship brings to light relevant themes and issues; these can be translated specifically to the case of yerba mate in Misiones.

The Desirability of Fair Trade Yerba Mate in Misiones

It is clear that Fair Trade yerba mate networks have the potential to address a variety of issue areas. Within Misiones, there are two groups of actors which would benefit from participation in these networks: *tareferos* and small producers. It is necessary to re-examine the current situation of these groups, to understand specifically how Fair Trade would impact their economic, political, and social standing.

Hired workers in yerba mate farms -- *tareferos* -- would perhaps experience the most immediate gains from participation in Fair Trade networks. The state of *tarefero* working conditions are increasing in visibility across Misiones and Argentina. In July 2014 a popular petition entitled “*Me gusta el mate...sin trabajo infantil*” (*I like mate...without child labor*) gained more than 50,000 signatures, protesting the occurrence of child labor in yerba mate plantations.¹¹ This resulted in a formal appeal submitted to the Argentine National Congress, and the subsequent creation of *la Comisión Provincial para la Prevención y Erradicación del Trabajo Infantil* (*the Provincial Commission for*

¹¹ <http://www.change.org/p/me-gusta-el-mate-sin-trabajo-infantil-carlostomada>

the Prevention and Eradication of Child Labor). There have also been other publicized reports highlighting the lack of safety measures for *tareferos*. One notable case involved the death of workers being transported in trucks from the yerba mate fields (Mattio 2013). On a more general level, *tareferos* continue living in makeshift camps in the countryside; often do not have enough income to purchase basic necessities; and are continuously exploited at the hands of working bosses (Mattio 2013). Constrictive state welfare policies means that many employers do not register *tareferos* for social services, denying families rights to healthcare, education, and pensions. *Tareferos* and social justice organizations have protested themselves,¹² but no widespread change has occurred. If *tareferos* started working with a Fair Trade certified yerba mate producer, they would receive greater pay for their labor, and would be ensured better working conditions (no exposure to pesticides, proper safety protection, breaks during labor, no child labor, etc). In addition, Fair Trade would require the producer to formally register workers with the state, making them eligible for all applicable social services. Also, ideally, participation would stimulate the formation of democratic organizations, giving workers a more collective voice and the ability to articulate community demands.

Participation in Fair Trade yerba mate networks would also greatly benefit small producers themselves. It has already been shown that the yerba mate sector in Misiones is oligopolistic by nature; large processing firms are able to pay farmers far less than the set price for *hoja verde*. This further marginalizes the small producer, ultimately resulting in loss of land, rural-urban migration, and the abandonment of traditional farming practices. Fair Trade, though, would ensure that these farmers receive a set price

¹² When I visited Posadas (Misiones), tareferos were protesting in the central plaza, demanding access to over-due social services.

for their yerba mate, providing a dependable source of income for future investment and planning. In order to achieve this, a Fair Trade network would have to circumvent the traditional processing systems, and find a way to access *secadores* and *molinos* independently. This could be done through participation in a cooperative or the outright purchase of these facilities (which would require significant capital investment). Nonetheless, small producers have clearly been a historically marginalized group in Misiones, and Fair Trade could provide a new venue for progress in areas where state regulation and popular mobilizations have failed in the past.

Fair Trade networks also have the potential to make broader impacts outside of the purely economic and social spheres. Although considerations of space do not allow for this issue to be examined in full, Misiones has experienced widespread deforestation and ecological degradation in recent years. Monocropping (with yerba mate, pine, or tea) and large plantations have led to decreased biodiversity and soil erosion, while the use of pesticides results in serious health consequences for both humans and animals (Lawson 2009: 27). Only 8 percent of the original Atlantic Forest still remains (Ballvé 2007). As Fair Trade certification promotes Organic and conservation-oriented practices, producers could add further progress to these areas (there are already a number of Organic/ecologically-minded yerba mate farmers in Misiones). In sum, it is clear that Misiones and its inhabitants could potentially benefit from participation in Fair Trade networks. The biggest hurdle, however, lies in actually creating these networks and finding markets for distribution.

CHAPTER 4: Results: Fair Trade Yerba Mate Networks in Misiones

So, a comprehensive look at yerba mate in Misiones shows a sector that has inherited legacies of social and economic stratification. Fair Trade's aim as a social movement is to correct many of these inequalities. But, examining past experiences of other Fair Trade commodities brings to light possible complications and limitations. Using a commodity chain approach is a way to systematically understand Fair Trade products like yerba mate, conceptualizing and identifying spaces of valorization. By taking insights from both Fair Trade and commodity chain scholarship, and synthesizing them with a deep historical understanding of yerba mate in Misiones, it is possible to establish a context for exploration of these burgeoning Fair Trade networks. Although only three Fair Trade yerba mate networks exist in Misiones, each yields important insights about past influences, present struggles, and future developments of the sector.

The following section provides a narrative account of these networks. They are heterogeneous in nature; of the three cases studied, each has a distinct historical context, organizational structure, and underlying philosophy. These differences combine to result in three unique interpretations of Fair Trade. One functions squarely within the capitalist economy (Kraus S.A.), another pushes for alternative terms of trade (Titrayju), while the third is a hybrid organization that works for "Market Driven Restoration" (Guayakí). Yet, in spite of these differences, the organizations do adopt similar strategies to increase commercial success and community impact. In the end, the exploration shows that pre-existing social and economic structures determine how actors respond to new opportunities presented by Fair Trade. But, instead of thinking of structures these as

“limitations,” it is perhaps better to understand them as lenses of projection, as ways for networks to express their unique historical experience with and relation to yerba mate.

FAIR TRADE YERBA MATE NETWORKS IN MISIONES					
<i>Name</i>	<i>Size</i>	<i>Sales Locations</i>	<i>Certifications</i>	<i>Control of Commodity Chain</i>	<i>Historical Context</i>
KRAUS S.A.	100 has	Domestic and International (United States, Canada, the United Kingdom, Germany, Austria, France, New Zealand, Japan, and Malaysia)	Fair For Life; USDA Organic; Organic Agricultural Product (OIA); Argentine Organic; Kosher	Owens <i>secador</i> ; Rents <i>molino</i> and packaging facilities; Has partner distributors internationally	Third-generation family farm; using capital investments and business knowledge, transitioned from traditional medium-sized producer to international exporter
TITRAYJU/ COOPERATIVA RÍO PARANÁ	200 farmers, with 5-10 has each	Domestic and International (United States and Russia)	None	Rents <i>secador</i> ; Owns <i>molino</i> and packaging facilities; direct sale to domestic consumers; Has partner distributors internationally	Arose from agricultural and social movement of the 1970s; a way to connect producers directly to consumers, rejecting intermediary actors
GUAYAKÍ SUSTAINABLE RAINFOREST PRODUCTS, INC.	60 has (8 for yerba mate)	International (North America and Europe)	Fair for Life; USDA Organic; Demeter Biodynamic; Kosher; CCOF Certified Organic; Fair Trade Federation	Rents <i>secador</i> , <i>molino</i> , and Packaging facilities; direct and indirect sale to international consumers	A U.S.-based business beginning in 1995; operations also in Brazil and Paraguay; focus on sustainability and conservation; philosophy of “Market Driven Restoration”

Kraus S.A.

Kraus S.A. is a third generation family farm located in the municipality of San Ignacio, with a warehouse and offices in the city of Posadas.¹³ The history of the farm dates to the early 1900s, where the founder was part of a wave of European immigrants (*colonos*) recruited to the province by the Argentine government. This is a common story for many of the inhabitants of Misiones, whose ancestors worked to clear land and create industry in a part of the country that was largely isolated and untouched by previous development efforts. Yerba mate specifically was seen as a promising and noble crop, with the potential to bring successes to families that worked hard enough in its cultivation. At this time, the yerba mate sector was still a nascent industry: due to high demand and low supply, small producers could compete with large businesses and receive a “fair” price for their product.

So, the first-generation Kraus established a family farm growing yerba mate and tea. Knowledge and skills regarding cultivation and processing were passed from father to son, making this an effort that has been perfected over generations. For years, though, Kraus had been following the traditional pathway of many other small and medium-sized producers. After the yerba mate had been harvested, it would be packed as *hoja verde* or dried into *yerba canchada*, and sold to larger firms for further processing. The yerba mate from the Kraus farm would form a part of any of the large brands in the area, mixing with product from hundreds of other family farms. This pattern continued for

¹³ Unless otherwise noted, information in this section comes from interviews with Milton Kraus, 8/7/14 & 8/8/14

years, through the second generation with Juan Angel Kraus. Juan Angel Kraus is still in charge of harvesting and processing efforts in the family farm. The work and skill that it takes to oversee these efforts requires sustained attention to innumerable minute details -- the type of knowledge that can only be gained through a lifetime of work with yerba mate. As such, the ability to produce “*una buena yerba*” is regarded almost as an art form, involving prolonged dedication to the craft and long work days (especially during harvest season).

After attending business school, Juan Angel’s son – Milton Kraus – returned to the farm in 1997 with the vision of creating a family brand. Slowly, he went through different iterations of packaging and product improvement, and eventually came up with a successful production chain. He also investigated expansion to external markets. At that time, yerba mate from Misiones was already available outside of South America – mainly in markets that had established customs of consumption, like Syria, Lebanon, or other countries with a base of Argentine immigrants. Kraus, however, was able to distinguish itself from other mainstream brands by highlighting the organic quality of its products. This is a feature common to many small producers in Misiones – these individuals emphasize that their yerba mate “had always been organic”, that for generations production had been done without pesticides or other chemical inputs.¹⁴ This is perhaps due to the small, focused nature of these family farms. They resisted neoliberal de-regulation and the Green Revolution, at a time when many of the larger yerba mate business were emphasizing increased yields and efficiency.

¹⁴ This is also the case with the Cooperativa Río Paraná and Titrayju Yerba Mate.

Four years after establishing the family brand, Milton Kraus began exporting yerba mate to the United Kingdom and the United States. Although Kraus' yerba mate was initially sold without an Organic certification, they quickly made the transition to an official denomination (Kraus became Fair Trade certified in 2009). Over time, Kraus began exporting to other markets: it has been sold in the United States, Canada, the United Kingdom, Germany, Austria, France, New Zealand, Japan, and Malaysia. For each of these markets, it was necessary to adopt different sales strategies and product framing, while always emphasizing the Organic and Fair Trade quality of the product. For example, in the United States, yerba mate is sold in bulk to a firm in Oregon, and re-packaged under a private label.¹⁵ In Germany and Austria, the majority of yerba mate sold is the base for ready-to-drink beverages with different flavors; such value-added products are growing in popularity around the globe. In New Zealand, Milton Kraus partnered with local actors to start a new brand, "Agua Mate," with a warehouse and distribution center for internet sales.¹⁶ With such international distribution networks, Kraus has become the most widely-dispersed Organic/Fair Trade yerba mate from Misiones.

The Kraus family farm has an area of 100 hectares, fitting it into the "medium-sized" producer category of Misiones. This is dedicated to yerba mate and tea cultivation; Kraus is in the process of planting new fields with yerba mate seedlings, largely due to increased demand from the United States. In the established fields, they have also planted native trees between yerba mate, supported in this project by EcoTeas

¹⁵ The company is EcoTeas. More information in subsequent sections.

¹⁶ Sadly, the website crashed and all server information was lost. Because of this, Kraus was forced to abandon all New Zealand operations.

(United States) and the School of Forest Sciences at the Universidad de Misiones (Montagnini 2011: 66). This move towards shade-growth is beneficial for yerba mate, as it mimics the natural environment of the plant, while also giving protection from frost and wind. It helps to combat the negative effects of mono-cropping, re-introducing organic matter into the ecosystem and promoting diversity of local flora and fauna (Lawson 2009: 59). Although shade grown-crops are becoming more in vogue, overlapping with other Fair Trade and Organic niche markets, they do present a conflict regarding harvest yields. Following these practices reduces overall plant density; producers must choose between larger harvests or higher quality plants. The fact that, in spite of this conflict, Kraus continues to focus on a shade-grown system highlights a commitment to ecological values and long-term operational sustainability.

Fully-grown yerba mate plants are harvested between the months of March and September. The entire harvesting process is performed by hand by *tareferos* from the nearby community. This involves an attention to detail and a type of manicuring of the plant. Branches are cut with machetes or saws to shape the development of the plant, to deter it from growing too high¹⁷ and to encourage a fullness of leaves. Once branches are cut, leaves and smaller twigs are removed from larger *palos* (sticks), and placed into bundles for collection. Each *tarefero* has their own *bulto* (bundle), and are paid by weight for material collected (these bundles can reach upwards of 80kg each). The bundles are then loaded into a truck, which transports the *hoja verde* to the *secador* for the first stage of processing.

¹⁷ Yerba mate plants can reach meters in height; left unchecked, the tallest ones can be impossible to harvest by hand.

Unlike many other small/medium producers, Kraus owns a *secador*. This *secador* was initially used for tea processing, but Juan Angel Kraus converted it for use with yerba mate. Because of this invention, Kraus' drying process is entirely smoke-free¹⁸ – another appealing factor in marketing efforts towards the health-conscious consumer. The drying process consists of two stages. In the first, the *hoja verde* is passed directly through a flame, which is fueled by gas. In the second stage, the leaves are passed through a *soplador*, which uses hot air to dry the yerba mate. During this process, the yerba mate is continuously sifted and broken down, with leaves being separated from larger sticks.

Here, it is worth mentioning the immense utility and advantage in owning a *secador*. On a basic level, it gives the producer a level of independence when processing yerba. As the *secador* is located on farm premises, the proximity allows for easy transportation of harvested material for drying. Also, the operator (in this case, Juan Angel Kraus) can change the working specifications, in order to reach a level of best practices and personal preference. Perhaps more importantly, the producer does not need to rely on outside parties for this value-adding process, circumventing the mainstream oligopolistic yerba mate sector. Other *secadores* are operated by cooperatives or large businesses, which either rent the facilities or buy *hoja verde* from the producer outright.

After yerba mate is dried, it is aged for at least one year. Once the period of *estacionamiento* has ended, the yerba *canchada* is transported to a mill for further processing and packaging. Kraus, however, does not own a *molino*, and must rent space from a cooperative in the nearby town of Oberá. Here, the yerba mate undergoes the

¹⁸ Kraus claims to have the only smoke-free *secador* for yerba mate in the world.

final stage of processing, where it is milled and broken down into different blends for packaging. These blends are geared towards consumer taste and preferences: fine blends for teabags; *con/sin palo*; *con/sin polvo*; “gaucho blend”; or mixed with other herbs like mint, tulsi, or stevia. Once the desired mixture and consistency has been reached, yerba mate is packaged for shipment. These are in a variety of packages; Spanish language for domestic sales; English for sales in the USA and Canada; German; French; or larger bags for further resale. Pallets are then inspected by customs officials on-site at the cooperative, loaded into shipping containers, and trucked to Buenos Aires for direct shipment. Kraus Yerba Mate dispatches one shipping container about every two weeks.

Here, it is worth noting some “breaks” in the commodity chain. Kraus must rent for the use of the *molino*. Although the cooperative supposedly shares the same value and vision as Kraus, this fact nonetheless includes other actors in the production process. Other inputs which are not necessarily as visible include packaging materials, consultancies, and the services of shipping companies. Packaging must be designed and then ordered from a third-party; the yerba mate must be inspected by a laboratory, which verifies ingredients and nutritional qualities. Even if such reliance on outside actors is common in all business sectors, a company that focuses on Fair Trade and other ethical practices must continually endeavor to uphold these values in all interactions.

The final sale of Kraus yerba mate occurs in markets across the globe. Here, once again, Kraus must rely heavily on intermediaries to maintain sales quotas. Sometimes, these links are fragile, like the case of Agua Mate in New Zealand. Kraus worked with an in-country partner to develop this brand; when the website/IT services crashed, so did all of local operations. In other instances (especially Europe), Kraus yerba mate serves as

the base for ready-to-drink beverages. These value-added products are made with different flavors, and have achieved considerable success as healthy alternatives to energy drinks.

Kraus has had the most success in the United States, selling yerba mate to EcoTeas, a business located in Oregon. This partnership has lasted for more than a decade, with EcoTeas becoming increasingly involved in environmental and conservation efforts on the Kraus farm. Before leaving Argentina, the yerba mate from Kraus is placed into separate Eco-Teas packages for sale in the USA. These are sold in health-oriented outlets like Whole Foods; resold in bulk to specialty tea distributors or coffee houses; or sold directly to consumers through the internet. EcoTeas does a good job of articulating the philosophy and values of Kraus, highlighting the Fair Trade, Organic, and shade-grown qualities of the yerba mate. In addition, EcoTeas follows a number of sustainable business practices itself, being Fair Trade-certified, focusing on sustainable packaging, and supporting local renewable energy/water practices.¹⁹

Kraus is a “Fair for Life” operator, certified by the Institute for Marketecology (IMO). IMO, a Switzerland-based organization, provides third-party evaluations in a number of fields, including: fair trade, organic agriculture, biodynamic agriculture, fishery regulation, forest management, textiles, and other areas. Essentially, IMO carries out different audits based on the focus of the producer.²⁰ Once the producer is approved, they are permitted to use the corresponding seal (in this case, “Fair for Life”) in product packaging and marketing. IMO audits “Fair for Life” producers on a number of criteria. Broadly, these all correspond with the Fair Trade principles examined in previous

¹⁹ Found on EcoTeas website: <http://www.yerbamate.com/AboutUs.aspx>

²⁰ Interview, Eduardo Tilatti, IMO, 8/23/14

sections. The audits are broken down into different categories and sub-categories, with results posted on the Fair for Life website. Operators are visited every year by IMO inspectors; these inspectors also perform an initial evaluation, to establish a baseline for measuring future change and developments. The preliminary certification process takes an average of 2-3 months, and the fees are paid by producers. Over the years, operators are required to show measurable improvement on different criteria.

Kraus has been certified “Fair for Life” since 2009. Workers are paid a “fair” price for labor, and are registered *en blanco* to receive state social services. Working conditions are also regulated: *tareferos* receive uniforms and proper safety protection, are given breaks, etc. Kraus is unique in that laborers determine their own schedule, deciding which days they want to work.²¹ Workers also decide, in a democratic fashion, how to allocate money gained from the social premium. As all of the laborers come from a nearby community -- which is rural and isolated from many resources -- they decide to apply the premium to community development efforts. These have been used to create a playground next to the local school and to buy construction materials for improvements on worker’s houses. All money and wages dispersed are documented and registered with IMO.

To better understand the relationship between the Kraus family and the *tareferos*, it is necessary to look at the history of this collaboration. Milton Kraus states that, as a family, “*siempre hemos colaborado con la comunidad*” (*we have always collaborated with the community*). He explains how his father was instrumental in constructing the community school, as well as bringing electricity to the surrounding area. In a sense, Fair

²¹ For example, when I visited, only 4 *tareferos* were working in the *cosecha*.

Trade is much like organic agriculture for these family farmers; they have always followed practices that reflect its underlying standards and philosophy. Adding a certification and label to the product will not change anything about the way they produce yerba mate and relate to workers (except maybe more administrative tasks).

Still, Milton Kraus recognizes the necessity of a third-party certification process. Having a seal on the final product, backed by an objective observer, shows consumers that a company cares about, and is following, the principles of Fair Trade. On a basic level, this is necessary because many other businesses (large yerba mate brands) have very one-sided and abusive relations with *tareferos*. And, especially within Argentina, many consumers are not aware of this – yerba mate is yerba mate, with origins being unimportant and ignored. In a sense, the Fair Trade label acts as a positive announcement, alerting consumers to the ethical practices that a company is following. This will, in turn, raise general consciousness regarding business practices and labor standards, fulfilling one of the major aims of the Fair Trade movement.

It is important to emphasize that, for Kraus, Fair Trade principles are not an isolated or stand-alone part of overall business operations. Rather, Fair Trade is viewed as “one leg of a table,” working with and supporting other types of ethical production practices. Kraus is certified Organic and Kosher, and also focuses on efforts of environmental conservation. In a way, these different pillars weave together to result in a holistic business model. The prohibition of pesticides in organic agriculture means that workers are not exposed to harmful chemical inputs. Environmental conservation reflects an emphasis on sustainability and valorizes the health of the entire ecosystem. When

laborers are ensured just and ethical working conditions, they will approach harvesting and processing with an eye towards the quality of the final product.

So, Kraus was able to transition from the traditional role of a medium-sized *colono* in Misiones to an international exporter of yerba mate. To accomplish this, the family needed to combine capital investments with knowledge of markets and international business practices. Having always “collaborated with the community”, Fair Trade certification did not change any of Kraus’ relations with its hired workers. Instead, certification here acts as a value-adding mechanism, assuring consumers of ethical business practices, and allowing Kraus to charge more for its product. It is unlikely that participation in this Fair Trade network drastically affected the living conditions of *tareferos* in the nearby community, other than surface-level changes like a children’s playground or working uniforms. Perhaps more significant, though, is Kraus’ holistic approach towards yerba mate production. Fair Trade is only one “leg of a table” that is also supported by Organic agriculture and conservation efforts. These come together to result in a high-quality product that can be marketed and sold in countries around the world.

In this context, it is possible to apply some of the theoretical considerations and potential limitations examined in the previous chapter. Kraus’ case is clearly an instance of “selection bias.” The family, already a medium-sized producer, was able to marshal the resources necessary for entrance into formal Fair Trade networks and international markets. Overall, this is not a negative observation – it just means that Kraus was better equipped to take advantage of Fair Trade opportunities than other producers in Misiones. In a similar vein, Kraus regards Fair Trade certification more for its utility as a value-

adding mechanism in international markets than as representative of a transformative social movement. The certification process did not introduce new relations between the family and *tareferos*. Rather, it actually helped to cement old practices, giving Kraus the chance to highlight the historical continuity of its “collaboration with the community.” Because of this, it is not clear if participation in Fair Trade brought *tareferos* quantitative benefits other than the funds explicitly earmarked for the social premium. However, Kraus did also not appear to suffer from experiences of paternalism with international partners. The opposite is actually the case. Through product innovation and the creation of new processing methods, Kraus was able to penetrate external markets and stimulate demand. In many ways, Kraus is not indicative of the typical Latin American Fair Trade experience. The family capitalized on the novelty of yerba mate, using existing holistic business practices to appeal to a specific set of consumers. Kraus independently circumvented the oligopolistic market system in Misiones, achieving partial vertical integration of the harvesting and processing sides of the commodity chain. Participation in Fair Trade networks adds value to yerba mate, but other than this, does not affect the functioning or makeup of Kraus’ commodity chain.

Titrayju

The Cooperativa Río Paraná is an association of 200 small producers with headquarters located in the town of Oberá.²² Since 2001, the Cooperative has been producing a non-certified *comercio justo* yerba mate called Titrayju. Titrayju stands for “*Tierra, Trabajo, y Justicia*” (land, work, and justice), a name expressing the Cooperative’s operating philosophy and future goals. The Cooperativa was established in 2001, arising from the Movimiento Agrario Misionero (MAM). MAM is an advocacy organization for agricultural producers in Misiones that has been in existence since 1971. Officials and key actors from MAM are involved with the Cooperative, helping to guide its direction and to inform important decisions. MAM was also instrumental in establishing *las ferias francas de Misiones*, a type of farmer’s market that connects local producers directly to consumers. Since the first *feria franca* of Oberá in 1995, these markets have grown to number more than 1,500 across Argentina, and are key sites for the distribution of Titrayju and the articulation of MAM’s unique interpretation of *comercio justo*.

Besides these *ferias*, the Cooperative does not sell much Titrayju in the province of Misiones. Titrayju has just begun sales in an international context, although this is perhaps because officials previously have not focused on external markets. The majority of Titrayju is shipped to other parts of Argentina, where it is sold directly to consumers, or through alternative channels like fair trade organizations, health food stores, or neighborhood cooperatives. In addition to a focus on *comercio justo*, Titrayju is marketed as an organic yerba mate (also uncertified), with a longer curing process and

²² Unless otherwise noted, all information in this section comes from interviews with Eugenio Kasalaba, Miguel Gonzalez, and Juan Carlos Dominguez, 8/13/14 – 8/15/14

more positive health effects than many other prominent brands. Because of this, Titrayju is directed at overlapping niche markets within Argentina: consumers concerned with issues of *comercio justo*, and those looking for a higher-quality product that is not available in mainstream outlets.

The history of MAM and the Cooperativa Río Paraná are important driving forces in determining the direction and functioning of Titrayju. MAM was created by a group of agricultural producers in the 1971, in the town of Oberá. The aim was to give a voice to marginalized farmers, who had been experiencing falling commodity prices, land poaching, and other forms of exploitation at the hands of the government and large agricultural firms. These small producers, or *colonos*, had a long relationship with Misiones, many occupying family lands that date to the early 1900s. During this time period, however, many found they could not sustain themselves following the traditional farming practices of their parents and grandparents. So they organized, pushing for greater representation and government regulation of the agricultural sector. Strikes and roadblocks were successful for a time, but the military coup in 1976 resulted in major setbacks. MAM was essentially disbanded, with key leaders experiencing repression at the hands of the military: intimidation, torture, and murder.

After the dictatorship, MAM experienced a slight resurgence, fighting once again for the rights of small agricultural producers, and continuing to use tactics like roadblocks and strikes. They protested the dissolution of the CRYM in 1991, and were key in helping to coordinate the various *tractorazos* in the 2000s. The 1990s were an especially difficult time for MAM: neoliberal deregulation under Menem forced many small producers to sell family lands to large agricultural companies, which were better

equipped to deal with economic shocks and crises (Ballvé 2007). Large businesses were preying on farmers, forcing them to sell yerba mate, tobacco, and other goods at extremely low prices. When costs exceeded expenses, businesses would loan farmers money, using the following year's harvest as future payment. These practices created a vicious circle of ever-increasing debt, with many *colonos* compelled to sell family lands and migrate to urban areas in search of work.

In this context, MAM began searching for alternatives to the system, for methods to preserve traditional farming practices and ways of life. Essentially, they identified intermediaries (agricultural buyers, processors, and distributors) in the commodity chain as predatory actors, forces that only absorbed profit and did not re-invest in the community at large. MAM found that the local community needed a site of interface, a place where exchange could happen directly between producers and consumers. As such, this would address two problems: the deteriorating economic situation of producers, and rising commodity prices (which harmed many local consumers). The first *feria franca* took place in 1995, in spite of resistance by local and regional officials. At the outset, the ferias only offered a handful of products, including eggs, yerba mate, honey, and vegetables. Over time, they grew in popularity and diversity, eventually expanding across Misiones and throughout all of Argentina. The ferias were successful for some obvious reasons: they offered a variety of local foods at prices lower than the supermarkets, while still giving producers a fair return for their goods. On a broader scale, these ferias acted as a nexus for community engagement, spaces where marginalized peoples could find a voice. Women especially became empowered, finding

a unique space outside of home life to sell artisanal goods and to interact with other members of the community.

As the *ferias francas* grew, officials at MAM realized they had an opportunity to commercialize and expand on the sale of certain items. Yerba mate – “*el producto madre de Misiones*” – was the obvious choice. Creating a brand for distribution and taking control of the commodity chain would allow members of the Cooperative to avoid many difficulties facing the small producer in Misiones. By establishing a unique organizational model, the Cooperative could focus on the welfare of local producers and consumers, instead of purely on profits and business expansion. The Cooperative could ensure that producers were paid a fair price on time, while also fixing a reasonable final price for consumers. So, even while facing opposition from larger yerba mate companies, the Cooperativa Río Paraná was able to establish Titrayju in 2001 and begin sales across Argentina. This coincided with another economic crisis, and many social justice organizations bought the yerba mate in solidarity -- it even became known as the “yerba of the *piqueteros* (Ballvé 2007).”²³ Since its creation, Titrayju has experienced successes and failures: at certain times, the Cooperative was only able to buy a portion of the yerba harvested by member producers (Lawson 2009). Currently, though, the Cooperative has established a solid production and distribution chain, and is able to support 200 small producers and their families.

These cooperative members own lands averaging 5 hectares in size. *Colonos* use traditional farming methods such as organic agriculture, harvesting by hand, and the

²³ Briefly, the *piqueteros* were a social movement that gained prominence in the 1990s, uniting unemployed and informal Argentine workers. They enacted large-scale roadblocks and protests, fighting against neoliberal reforms. Perhaps most importantly for this investigation, the *piqueteros* used alternative forms of exchange, like cooperatives, to sustain the movement.

integration of other crops into the production system. The majority of the farmers do not hire *tareferos*, instead relying on family and communal labor for harvesting efforts. Organic methods are important here -- although Titrayju is uncertified, the use of only natural inputs reflects a broader commitment to maintain a close relationship with the land. In a sense, Titrayju is a mechanism by which these small producers can preserve a history that is quickly evaporating, a way of life that is still valued but becoming increasingly harder to maintain.

Once the *colonos* harvest the yerba mate, it is transported to a *secador* close to the town of Oberá. Unlike Kraus, the Cooperativa Río Paraná does not own a *secador*, and must rent out its use from another cooperative. Despite the drawbacks, the Cooperativa does have a close relationship with the *secador* operators. After going through the drying process (which is also ecologically-oriented, using recycled wood chips as fuel), the yerba mate is aged for at least one year. This *estacionamiento* is very important, with Cooperative leaders emphasizing its role in enhancing the nutritional qualities and flavor of Titrayju. This is one area in which officials at Titrayju intentionally try to differentiate their yerba mate from other brands, stating that larger business do not have the same focus on quality, that such businesses even use artificial chemicals and colorings to mimic this natural aging process. In a sense, yerba mate is almost like a fine wine, with maturity bringing out subtle and complex flavors that are not found in other products.²⁴

Once aged, the yerba mate is transported to milling and packaging facilities. The Cooperativa owns these *molinos*, allowing for greater control and independence in the

²⁴ There is even an equivalent of a *sommelier* for yerba mate: *un catador*. These individuals specialize in flavor profiles, meal pairing, and the culture/tradition of mate preparation.

final stage of processing (the facilities are also used to process tea, another product that has been commercialized for sale by the Cooperative). The yerba mate is packaged under the Titrayju brand, or mixed with stevia leaf to be sold as a “Dulce Misionera” blend. The Titrayju packaging is very telling, succinctly expressing the history, aims, and philosophy of MAM and the Cooperativa. It is “*producida y elaborada artesanalmente por los colonos y sus familias*” (artisanally produced and prepared by the colonos and their families) to “*llega directamente al consumidor, a través de la Cooperativa Río Paraná, fomentando mecanismos más justos y responsables de comercio y consumo entre las familias del campo y de las ciudades*” (arrive directly to the consumer, through the Cooperativa Río Paraná, promoting just and responsible terms of trade and consumption between families of the countryside and the city).²⁵ Titrayju packages do not contain any third-party certifications or labels -- justifications for this are examined in the following section.

From these facilities, Titrayju is then distributed for final sale. Titrayju has a sales director in Buenos Aires who coordinates sales in various national outlets (discussed above). It is worth noting that some elements in the commodity chain -- like transportation -- are often taken for granted, assumed to be perfectly functioning entities. However, when I visited, Cooperative workers were re-packaging a shipment of yerba mate that had experienced water damage en route to Buenos Aires. Although this may be an isolated incident (and completely the fault of trucking companies), it highlights the fact that there will always be unforeseen considerations and setbacks in the commodity chain, no matter how consolidated it may be.

²⁵ Taken from Titrayju yerba mate packaging

Titrayju has recently begun exporting yerba mate to international markets. In 2013 it sent its first order of 11,500 kilos to Russia, and continues with regular shipments to the country (Territorio Digital 2013). Cooperative officials reported difficulties in fulfilling customs regulations, as Argentina has stringent laws and bureaucracy regarding agricultural exports. In August 2014, Titrayju began exports to the United States, in partnership with a recently established company, Scape Treader Yerba Mate. Like other firms in the USA, Scape Treader emphasizes the organic and Fair Trade quality of its yerba mate. However, Scape Treader takes a page from Titrayju's book, declining to pursue any third party certifications or labelling schemes. Conversations with one of the founders, Christopher May,²⁶ shows that Scape Treader's philosophy mirrors Titrayju's, focusing on product quality and a direct relationship with the consumer. Also, reflecting the Cooperative's focus on holistic community development, the two organizations have entered into a partnership of adventure tourism, to bring students from the USA to Misiones. These trips, besides providing monetary support to the Cooperative, will educate students about the historical, agricultural, and social practices of yerba mate farmers. Interestingly, these trips themselves will fulfill a goal of the Fair Trade movement -- exposing consumers in the global North to working and living conditions of producers in the South.

It is necessary to emphasize the enormous gulf between the Cooperative's understanding of *comercio justo* and the other cases examined in this investigation. It is almost as if leaders defined the term for themselves, ignoring parameters and conventions established by regulatory bodies thousands of miles away. MAM and the Cooperativa

²⁶ Interview, Christopher May, Scape Treader Yerba Mate, 8/21/14

Río Paraná take the phrase *comercio justo* in a very literal sense, trying to establish terms of trade that are fair and just for all parties involved. This moves across the entire commodity chain, from the initial producer to the final consumer.

On a fundamental level, this has to do with costs of yerba mate. The Cooperativa ensures that all producers are paid the fixed price for *hoja verde* established by the INYM. Although this may seem to be a simple point, it is important to remember that many small producers have been historically exploited in this area by large businesses. The buyers in this oligopolistic market system, who control all of the value-adding inputs (*secadores, molinos, etc*), are able to find ways to pay producers much less than the established price. An advocate like the Cooperativa -- which has a semi-independent commodity chain -- can provide an alternative outlet for producers to sell their goods. At the other end of the spectrum, consumers have also suffered at the hands of the oligopolistic market. This is manifested in rising prices of yerba mate, and there have been multiple crises in the past decade, both in terms of product cost and availability. Such a point is especially salient, given that the Argentine government has deemed yerba mate to be part of the “*canasta familiar*” – a group of basic foods that all families should be able to purchase and consume. By eliminating many mainstream actors (large processors and distributional channels like supermarkets), Titrayju is able to offer yerba mate at a price significantly lower than can be found in traditional outlets (28 Pesos vs 45 Pesos per half kilo).

Besides simply focusing on economic progress, the Cooperative has made other steps to create an environment of *comercio justo* in the community. When any member producer faces legal problems -- the most common being land disputes with large

agricultural firms -- the Cooperative provides legal services and advice free of charge. With grant money from foundations in Europe, the Cooperative has established primary and secondary schools in under-served rural locations. These schools provide opportunities for students that had little access to education, giving scholarships and teaching courses focused on agriculture and other trade/vocational skills. The *ferias francas* have already been examined -- these create spaces for local economic development, producer training, and general community interaction.

All in all, the Cooperative exhibits a strong ideological commitment towards upholding its specific version of *comercio justo*. This is evident on the holistic community level, where the Cooperative endeavors to address structural inequalities in terms of economic gains, education, and political representation. However, this also creates conflicts for the business model and commercialization strategies pursued by officials. In various instances, leaders have had to reject potential partnerships with distributional outlets, knowing that these actors would not follow the basic philosophy of Titrayju. Essentially, these stores would put an unfair mark-up on the yerba mate, making a break in the chain of an overall *comercio justo*. This is only one example of the inherent tensions within Titrayju -- between being an organization that must follow capitalist strategies of business expansion and being a movement that focuses on producer empowerment and community welfare. Although Titrayju fits squarely within the second category, it must operate within a larger system that is almost entirely defined by the rules of the first.

This focus on a holistic model of *comercio justo* perhaps explains why leaders at Titrayju have not pursued any third-party certifications. They see these labelling

schemes as containing unnecessary administrative costs and work, especially as such certifications are mainly directed at international consumers in the global North (Titrayju has only just begun external distribution). The organization's local focus allows it to establish a rapport of trust and confidence with consumers, something which international-oriented brands have a much more difficult time creating. In essence, leaders at the Cooperative believe that their mission and values are self-evident, that a third-party is not required to communicate these practices to consumers. Here, the history of Titrayju is important. It did not grow out of a profit-oriented business model, but instead an agricultural movement focused on the empowerment of local producers.

Because of this deep commitment to *comercio justo*, Titrayju appears to have a much wider social impact than the other two cases examined in this study. On a basic level, this has to do with size of the movement. Titrayju engages 200 families of *colonos*, and many more domestic consumers (who benefit from low prices); Kraus is a single-family farm, and Guayakí only works with a handful of *tareferos* in Misiones. Moreover, Titrayju enacts a variety of other community development projects, going much farther than any formal Fair Trade certification would require. In a sense, this is the opposite of a "selection bias" discussed in the previous section. Titrayju helps the most vulnerable individuals, those producers that cannot function within the traditional oligopolistic market, and those that do not have access to education or legal services.

As Titrayju does not subscribe to formal certification schemes like "Fair for Life" or "Organic," it does not experience any instances of paternalism or control by external actors. It will be interesting to see if the nature of this governance evolves over time, as Titrayju develops stronger ties with partners in Russia and the United States. Increased

demand from abroad may require changes in production methods and new governance relationships with regulatory organizations. Titrayju also maintains a good deal of independence in the yerba mate commodity chain. In rejecting intermediary actors, Titrayju is able to control harvesting, and most parts of processing and distribution. Again, developments in international markets could dissolve this independence, requiring Titrayju to partner with other actors in packaging and distribution. In relationships with consumers, Titrayju emphasizes an authentic version of *comercio justo*, coupled with holistic and traditional production practices. In a sense, Titrayju itself is an embodiment of the Fair Trade social movement, more so than the other two cases examined in this thesis. Fair Trade principles are much more than just value-adding mechanisms, they are the historical reason for Titrayju's existence.

Guayakí Sustainable Rainforest Products, Inc.

Founded in 1996 by students at California Polytechnic State University (San Luis Obispo), Guayakí is a U.S.-based company with headquarters in Sebastopol, California. South American operations are run through an office in Buenos Aires.²⁷ Guayakí buys yerba mate from partner producers in Brazil, Paraguay, and Argentina (the majority comes from Brazil). In Argentina, Guayakí has worked with a variety of small producers, buying their harvest, processing it independently, and sending it to the United States for resale. However, Guayakí currently does not purchase yerba mate from

²⁷ Unless otherwise noted, information in this section comes from interviews with Juan Quezada (8/18/14 & 8/19/14) and Alex Pryor (8/23/14)

farmers in Argentina, now only using mate grown on a reserve it helped to establish: la Fundación Agroecológica Iguazú (FAI).

Guayakí is the epitome of the “conscious” or “ethical” yerba mate business. There are many words that can describe Guayakí: social entrepreneurship, triple-bottom line, restorative business model, or hybrid organization. Its founders have been profiled in countless articles²⁸ and its unique business model has won numerous awards.²⁹ In spite of recent successes (or perhaps because of), Guayakí has remained true to its mission, continually looking for new ways to improve and evolve. The company is most specifically concerned with conservation and social development efforts. Its stated mission is to “steward and restore 200,000 acres of South American Atlantic rainforest and create over 1,000 living wage jobs by 2020 by leveraging our Market-Driven-Restoration model.”³⁰ Guayakí has already made progress on this goal, establishing reserves in Paraguay and Argentina, and creating a variety of developmental opportunities for producers and communities in South America. In fact, “Guayakí” comes from the name of an indigenous tribe native to the Atlantic Forest. Currently, the company works with indigenous communities in Paraguay and Brazil (the Ache Guayakí is one of them), giving technical training, monetary support, and other developmental advice.

²⁸ Including: The Guardian, The New York Times, Huffington Post, Time, Money, USA Today, and NACLA Report on the Americas

²⁹ Including: Most Democratic Workplace, Green Business Award, Award for Entrepreneurial Leadership, Socially Responsible Business, and Recognition from the Clinton Global Initiative

³⁰ Taken from Guayaki website: www.guayaki.com

In Argentina, Guayakí has historically bought yerba mate from producers near the town of Comandante Andresito, Misiones.³¹ Andresito is often called the “youngest town in Misiones,” established only in the 1970s. Bordering Brazil and lying within the Atlantic Forest, Andresito was founded because of the yerba mate and pine industries. Large businesses saw vast tracts of untouched land and installed plantations, creating jobs and opportunities for permanent settlement. In addition, patches of land were given to individual settlers by the state, mimicking provincial colonization efforts of the early 20th century. But, due to these economic and social developments, the area around Andresito started experiencing deforestation and biodiversity loss. This is a common story for many parts of the Atlantic Forest -- now, only 8 percent of its original area remains.

In this light, Guayakí began collaborating with small producers in Andresito. It purchased *hoja verde* from farmers and then processed it independently in *secadores* and *molinós* near Oberá. Due to its organic, environmental, and social focus, Guayakí required producers to follow a number of criteria in the growing and harvest process. Besides an obvious emphasis on Organic criteria, Guayakí pushed for farmers to adopt shade-growing practices. This would help to combat deforestation and to re-establish the lost rainforest ecosystem. Also, although Guayakí would not become Fair Trade certified until 2009, it followed many of its principles, chiefly paying producers double the world market price for *hoja verde*.

In 2010, in collaboration with Argentine NGOs focused on conservation, Guayakí established the Fundación Agroecológica Iguazú. The Fundación purchased 60 hectares of land in Andresito, which previously had been used to grow yerba mate, but was

³¹ Commonly known as “Andresito”

abandoned and fallow. The stated mission of the FAI is “to educate and promote research on agroecology systems that will enable social actors to generate a healthy life style in the rainforest region of Iguazú.”³² Essentially, the majority of the reserve is dedicated towards conservation and scientific research efforts. It rehabilitates the land that had previously been clear-cut for monocropping, reintroducing native trees back into the ecosystem. It is also the site of research into the growing conditions of yerba mate, looking into the various factors that affect organic/biodynamic/shade-grown plants in natural environments. The FAI has held a number of training seminars for yerba mate producers in the region, disseminating knowledge about the benefits of these specific farming practices. As raising visibility about these issues is one of the main goals of the FAI, it also hosts visits from secondary schools in the region. During these trips, students learn about the basics of a holistic and organic agroecology system, and participate in efforts to re-plant native trees in the reserve.

As of 2014, Guayakí stopped purchasing yerba mate from small producers in Andresito. Although this working relationship had lasted a number of years, farmers decided to begin selling their yerba mate to a different business. Essentially, these new firms would advance farmers payments for the following years’ harvest, something that Guayakí was unwilling or unable to do. Consequently, Guayakí put more effort into developing strong foundations in Brazil and Paraguay, leaving Argentina as the base of operations, research, and development. Approximately 8 hectares of the reserve are dedicated to yerba mate cultivation for commercial sale. The yerba mate grown here is perhaps the most specialized in all of Argentina. Not only is it certified Organic, Fair

³² Taken from Fundación website: <http://www.agroecologicaiguazu.org/>

Trade, and Kosher, it is grown in a shaded environment surrounded by native flora and fauna. In addition, the reserve's yerba mate recently became certified Biodynamic by the IMO (the same organization that carries out Fair Trade inspections).

Although Biodynamic agriculture was developed in 1922 by Dr. Rudolph Steiner, it has only recently gained prominence in niche health markets around the globe. In addition to completely following Organic growing practices, Biodynamic agriculture emphasizes the influence that other subtle forces and energies can have on living beings. This translates into the use of specially prepared fertilizer, as well as the incorporation of certain rocks and crystals into the growing process. Biodynamic practices also recognize the influence of extraterrestrial bodies on agriculture; planting and harvesting must be done in accordance with a yearly calendar that charts out the phases of the moon, astrological signs, etc. Ultimately, this is a complex system of agriculture, requiring much more oversight and maintenance than traditional growing practices. Guayakí's inclusion of Biodynamic agriculture reflects a holistic and ethical business philosophy, as well as being another value-adding mechanism to distinguish its yerba mate from other brands.

Guayakí clearly symbolizes a new type of yerba mate business; various academics have conceptualized it as a "hybrid organization" or an example of "international for-profit social entrepreneurship" (Marshall 2011; Boyd et al, 2009). Although there are slight differences in terms, these designations essentially mean that Guayakí is compelled by more than a single variable of profit in its business practices. Instead, it employs a "triple bottom line," measuring success in terms of economic, social, and environmental impact. Guayakí has even created a unique term to express its business philosophy:

“Market Driven Restoration.” The idea is that, working within the traditional confines of the capitalist market, Guayakí can help to conserve acres of endangered Atlantic Forest and provide living-wage jobs for the community. Leaders believe that consumers will “vote with their dollars,” that knowledge of the company’s mission will compel individuals to buy the product and participate in this restoration. Guayakí is using yerba mate to raise global awareness about the various problems that face the Atlantic Forest and its inhabitants, and consequently, using the sale of this product to help mitigate these problems. Questions remain whether Guayakí is replacing the role of the state in these efforts, if they believe that the market can be a more effective force of social and environmental change than government regulation.

As of 2014, the commodity chain of Guayakí’s Argentine yerba mate was fairly straightforward. Eight hectares of the FAI are dedicated to yerba mate cultivation. The yerba mate here is highly specialized, being shade-grown in a natural ecosystem and meeting the certification criteria of: Fair Trade, Organic, Biodynamic, and Kosher. It is already clear that these designations are complex, requiring constant oversight and maintenance by FAI employees. When harvest time comes, Guayakí contracts *tareferos* from the local community. But, as the potential harvest area is quite small, workers are only needed for a period of around one week. In turn, this presents some problems in terms of sustainability and stable jobs (as shall be examined in the next section).

Once harvested, the *hoja verde* is transported to a *secador* and *molino* near the town of Oberá. Guayakí does not own either of these facilities, and must rent out their use from area cooperatives. Unlike Kraus or Titrayju, Guayakí is able to completely

circumvent problems of the oligopolistic market system in Misiones. Because the company has significant capital resources, it can simply pay for the use of these facilities before receiving return from that year's harvest. This is especially important in the case of Biodynamic and Organic certifications, as they have stringent requirements for every stage of processing -- Guayakí must ensure that the *molino* and *secador* are always in compliance. This means that no other product can be processed alongside Guayakí's; that all sanitary standards are followed; and that workers receive fair pay for their work. After the yerba mate is dried, aged, and milled, it is trucked to Buenos Aires for shipment to the United States. In the United States, the yerba mate undergoes further value-adding processes. It is packaged into various-sized bags and blends for sale as traditional yerba mate. It is also sold in teabags and mixed with herbs like mint or cocoa, to appeal to North American tastes.

Not surprisingly, Guayakí has had most success with further value-adding processes. In California, the yerba mate is mixed with other ingredients, and canned or bottled for final sale as ready-to-drink beverages. These come in flavors like mint, berry, and lemon, or are processed into concentrated "energy shots." All final Guayakí products are sold directly to the consumer on the internet; in mainstream supermarket chains like Whole Foods; in convenience stores like Walgreens; or even in the dining halls of college campuses. Guayakí also engages in a variety of grassroots marketing efforts, touring festivals, universities, and health-food expos to stimulate demand for yerba mate.

Because Guayakí carries out other value-adding processes in the United States, its operations in-country must also be certified Fair Trade/Organic. The Fair Trade

requirements are similar to those in Argentina, focusing on fair pay for workers, community development, and creating ties with other local businesses. The Guayakí packaging re-iterates the mission of “Market Driven Restoration,” and is replete with a variety of labels: USDA Organic, Fair for Life, Kosher, Certified Organic, Non GMO Project Verified, and Demeter Biodynamic.³³ Guayakí is also a certified “B Corporation” -- this is essentially a holistic certification that ensures members meet “rigorous standards of social and environmental performance, accountability, and transparency.”³⁴ Besides its model of Market Driven Restoration, Guayakí buys Renewable Energy Credits, has 50 percent employee ownership of the company, and uses sustainable and biodegradable packaging materials.

In 2009, Guayakí became the world’s first Fair Trade yerba mate organization, certified “Fair for Life” by IMO. When Guayakí bought yerba mate from producers in Argentina, they went above and beyond certification requirements, paying farmers twice the market price for their harvest. Currently, though, this certification only applies to Guayakí’s relations with *tareferos* hired for the harvesting process. As the harvest area in the FAI is quite small, *tareferos* are only contracted for one week; in 2014, Guayakí hired 14 workers. During this time period, laborers are paid a living wage, and ensured safe and just working conditions. Guayakí hires transportation to bring *tareferos* to and from the harvest site. Workers are given a uniform of shirt, pants, gloves, and shoes. Also, during the harvest process, workers are required to change gloves twice a day. This is mainly for sanitary purposes, to ensure purity and cleanliness when touching yerba mate.

³³ Biodynamic is only for the yerba mate that comes from Argentina.

³⁴ Taken from B Corporation website: www.bcorporation.net

Guayakí has also installed outhouses in the fields, to promote general hygiene and avoid contamination of yerba mate.

Workers are not subject to the strenuous labor practices traditionally associated with yerba mate cultivation. They are given battery operated tools to cut the plant, and use carts to transport the loaded *bultos* from the harvest field, instead of having to carry 80+ kilos by hand. In Andresito, the Fair Trade social premium was used for a variety of development projects: to build a bathroom for the local school; to light streets in the community; and to purchase construction materials for worker's houses. Overall, Guayakí clearly exhibits a concern for the welfare of *tareferos* that goes beyond the basic requirements of "Fair for Life." Still, this may not be enough -- workers on the Reserve are only contracted one week out of the year. The rest of the harvest period *tareferos* may be compelled to labor on farms that do not share Guayakí's mission. Even if one week out of the year is better than none, this raises questions about the real depth of impact that Fair Trade many have on communities.

Although this investigation is focused on Argentina, it is necessary to briefly touch on Guayakí's Fair Trade experience in Paraguay and Brazil. In Paraguay, Guayakí works exclusively with an indigenous community, providing financial and technical support in the growing process. In Brazil, Guayakí contracts with indigenous communities, as well as individual small farmers. Experiences with indigenous communities are the most telling. Guayakí has always made efforts to avoid paternalism, endeavoring to place decision-making power in the hands of the community. In one instance, leaders decided to use the year's social premium to finance the annual "*dia de indigena*" celebration. Although this can be seen as a way to strengthen "community

identity,” official at IMO offices in Europe disputed the decision. Guayakí had to justify the use of this premium to officials, explaining the cultural significance of this celebration. Even if this may be one isolated problem, it illustrates a level of separation and bureaucracy inherent in certification schemes. No matter how open-minded IMO officials may be, it is sometimes difficult for them to understand the meanings and values of certain practices enacted thousands of miles away.

It is already clear that Guayakí sees the necessity of Fair Trade certifications and other labelling schemes. Besides being certified “Fair for Life” by IMO, Guayakí is a member of the Fair Trade Federation (FTF). A U.S.-based organization, FTF focuses less on specific criteria for certification, and more on a member’s “holistic commitment to fair trade in all facets of the business model.”³⁵ Although this overlaps with IMO requirements, it is yet another example of Guayakí’s support for third-party regulatory organizations. Much like Kraus, these help Guayakí to establish a rapport with consumers who are far removed from the production sites. These labels provide credibility about production practices for a commodity that is largely unknown in the United States, reflecting Guayakí’s overall commitment to ethical and sustainable business operations.

As Guayakí has transitioned the majority of production sites to Brazil and Paraguay, the impact of its Fair Trade programs in Argentina is shrinking. Consequently, Argentine operations are taking on more of a symbolic value, illustrating the conservation possibilities associated with specialized yerba mate growing practices.

³⁵ Taken from Fair Trade Federation website: <https://www.fairtradefederation.org/become-a-member/frequently-asked-questions/>

Nonetheless, Guayakí has aided community development in Andresito and provided a limited source of income for a handful of *tareferos*. It is already clear that, as an organization, Guayakí is moved by an impulse of ethics and sustainability. As a U.S.-based business, it is able to marshal capital investments and other resources to circumvent many of the problems associated with the Argentine yerba mate sector. Guayakí has a grounded and forward-looking business model; the depth of its social and environmental impact will depend not on the South American context, but on the demand for yerba mate coming from the United States and other international markets.

It does appear that Guayakí avoids some of the criticisms of Fair Trade examined in the previous section. In Paraguayan and Brazilian operations, Guayakí officials make explicit efforts to avoid paternalism in relationships with indigenous tribes, discussing all decisions during community-wide gatherings, and consulting advisors like anthropologists (Ballvé 2007). In Argentina, this type of relationship is less evident and relevant, as workers are contracted for shorter periods of time with fewer ties and obligations. On a more theoretical note, Fair Trade certification for Guayakí seems to be both a value-adding mechanism and a way of participating in a transformative social movement. The accreditation combines with other specialty designations like Organic, Biodynamic, and “Market-Driven Restoration” to differentiate the product – both in terms of quality and price – from other brands of yerba mate. But, Guayakí’s participation in “Fair for Life” and “Fair Trade Federation” certifications are also indicative of a commitment to ethics, sustainability, and social change, as previously discussed in this section. With this unique business philosophy, and a variety of value-adding initiatives, Guayakí is the most innovative of the three cases studied in this thesis.

CHAPTER 5: Analysis and Conclusions

It is now possible to pull out some insights and conclusions about Fair Trade yerba mate networks in Misiones. As a whole, these networks follow broad patterns of development, depending on the influence of certain determining forces. Pre-existing social and economic structures are important in establishing parameters for growth, access to resources, and the general underlying philosophy of each organization. By examining the genesis and history of each network, it is possible to understand how “the stage was set,” to see why actors adopt certain strategies and values over others. These pre-existing structures, in turn, influence the composition and commodity chain of each network. For example, Titrayju’s roots as a social movement means that it will pursue strategies that further goals of community development and economic justice. Kraus, on the other hand, is a single-family venture that uses capitalist models of commercialization to preserve an individual history and *colono* way of life.

These pre-existing structures also influence how each network relates to, and interprets, the concept of Fair Trade. On one side, Fair Trade (and its attendant certification schemes) can be regarded purely as a value-adding mechanism, something which allows a producer to charge more for yerba mate, in exchange for adhering to a certain set of standards. On the other end of the spectrum, *comercio justo* can be seen as a transformative social movement, a way to fundamentally alter terms of exchange between producers and consumers. It is important to note, however, that these two viewpoints are not mutually exclusive. Rather, all Fair Trade yerba mate networks in

Misiones lie at different points in the spectrum, depending on the philosophy and goals of each organization. Differing interpretations of Fair Trade, in turn, (re)influence the nature of a network's commodity chain, as well as its potential for social impact. If Fair Trade is seen largely in terms of certification and labels, producers will follow regulatory requirements, while still adopting traditional capitalist strategies of commercialization. However, if a network aims for deep transformation, it will go beyond certification standards, following actions which value social and economic justice over profit. This helps to explain why Titrayju is so different than Kraus, and also why Guayakí inhabits and skirts both categories.

In a sense, participation in Fair Trade networks allows producers in Misiones to retain traditional livelihoods, while also transcending many problems associated with the oligopolistic yerba mate sector. Kraus remains a medium-sized producer, but international expansion to Fair Trade and specialty markets gives independence and opportunities for growth. By invoking its *colono* history, Kraus is able to preserve it, but only with a modern capitalist twist that necessitates a focus on external markets and various value-adding mechanisms. Members of the Cooperativa Río Paraná still inhabit family lands, but through communal organizing efforts, they are now able to find a fair and stable price for their yerba mate. The case of Guayakí is different: resources and an established market for distribution allow for the pursuit of ethical practices based on conservation and sustainability.

As historical forces are key in determining the present face of yerba mate networks, so are potential future developments and market necessities. Demand from international buyers and consumers shapes what business practices, certification schemes,

and value-adding mechanisms go into yerba mate commodity chains. Because Fair Trade yerba mate producers are also processors and packagers, they have the flexibility to respond to changes in product demand and market evolutions. For example, Kraus worked with EcoTeas to increase conservation efforts on the family farm, as a way of addressing ecosystem loss and a growing trend towards sustainable business practices. Guayakí has increased production of ready-to-drink beverages, finding that these are well-received in North American markets. Although these organizations do have set philosophies and goals, they also are able to shift business practices to respond to buyer demand, within the strictures of a Fair Trade/*comercio justo* system.

The findings can also be applied to the previous discussion of “selection bias.” Due to the heterogeneous nature of Fair Trade yerba mate networks, there are different levels and occurrences of selection bias. Kraus is clearly a case of Fair Trade benefitting a producer with previous access to economic resources. Here, participation in Fair Trade is only a value-adding mechanism, giving the producer greater appeal to niche consumer markets, and not significantly altering community relations. On the other hand, Titrayju engages producers that are most in need of alternatives to the mainstream yerba mate sector. This is due to its communal origins and focus on domestic markets. Perhaps the decision to not pursue third-party certification schemes has given Titrayju greater leniency and independence to concentrate on community development. Again, Guayakí is an outlier. Although the business no longer partners with producers in Misiones, its conservation efforts can be said to benefit the province and ecosystem as a whole.

Yerba mate is still relatively unknown outside of South American markets. Because of this, it is difficult to see many direct impacts of these nascent Fair Trade

networks. Essentially, this is a basic question of quantity: not enough yerba mate has been sold in international contexts. This limited growth also helps to explain why yerba mate networks in Misiones are heterogeneous, and look different than many other Fair Trade commodities. As a traditional crop of the region, there have been production chains in place for hundreds of years. Recently, the Fair Trade movement presented new opportunities, and producers began searching for ways to enter these alternative markets. Each network needed to find ways to circumvent the oligopolistic market in Misiones, while also retaining a unique individual identity and history. In addition, these organizations searched for ways to differentiate themselves from competitors. What results are networks that are specialized and built for distinctive goals: Titrayju yerba mate truly tastes different than Kraus or Guayakí.

As of yet, this analysis has not touched on the situation of *tareferos* involved in Fair Trade networks. Laborers hired by Guayakí and Kraus clearly experience better working conditions and pay than counterparts in mainstream yerba mate companies.³⁶ They have access to state welfare services, and Fair Trade social premiums aid in community development. Such gains should not be downplayed, especially in light of recent research documenting child labor, unsafe working conditions, and occurrences of extreme poverty. However, in spite of these benefits, it appears that participation in Fair Trade does not significantly change the economic and social situation of *tareferos*. For example, Kraus stresses that they have always followed good practices of “collaboration” with the community. Fair Trade certification is just a way of verifying and cementing this relationship -- it won’t significantly change it, for better or worse. For Guayakí, due

³⁶ The majority of producers in Titrayju do not hire laborers, harvesting their own yerba mate.

to size and harvesting constraints, levels of engagement are not able to go far enough. Guayakí only hires workers for one week -- for the rest of the year, *tareferos* must resort to traditional employment.

Again, it must be stressed that, for *tareferos*, participation in Fair Trade is probably the best option. Still, no matter how progressive Fair Trade may be, it cannot dissolve centuries of established social and economic inequalities. A brief review of the history of yerba mate production will show that workers have always experienced high levels of marginalization and abuse. This was true for indigenous Guaraní tribes, immigrants from Paraguay and Brazil, and the rural proletariat in Misiones. Cultivation of yerba mate is a labor-intensive process, and *tareferos* are pushed hard to meet daily quotas. Living conditions go well past poverty, and many children are unable to access education and health services. Fair Trade can remedy many of these problems, but only a radical reorganization of the entire sector can change its underlying economic and social structure.

A look at the commodity chain of Fair Trade yerba mate networks has shown that, although widely heterogeneous, organizations adopt some similar strategies. On one level, all producers have found a way to circumvent the oligopolistic market structure. Control of processing facilities by powerful market actors, mixed with ineffective government regulation, means that Fair Trade producers had to search for alternative outlets for drying and milling. Kraus owns a *secador* and Titrayju owns a *molino* -- both firms participate in cooperatives for other stages of processing. Guayakí is able to rent a *secador* and *molino* outright. Although this may seem to be a simple point, control of

these value-adding processes ultimately gives producers greater economic gains and independence for further steps of commercialization.

All organizations examined also have a strong commitment to sustainable and holistic business practices. Indeed, for all three, Fair Trade is only “one leg of the table.” Organic agriculture and conservation efforts go hand in hand with social justice issues. For Kraus and Titrayju, this is a nod to history, a way of preserving heritage and a quickly-disappearing ecosystem. Guayakí’s philosophy of “Market Driven Restoration” is also impressive, recognizing the interconnectedness of social and environmental problems. It is clear that many problems of the sector are tied together. Monocropping and the increased use of chemical inputs are related to deforestation, which also has roots in government mis-regulation and the marginalization of small producers. Businesses concerned with one problem must recognize this, and must adopt holistic practices to address all of them.

Doing so also gives these organizations greater consumer appeal. All packaging includes embedded information about product origins, social and environmental practices, and organic inputs. Here, all three firms appeal to short food supply chains, trying to make the distance between producer and consumer as short as possible. This helps to cement a “relational ethic,” giving consumers a sense of authenticity and immediacy when purchasing the product. The Cooperativa Río Paraná is able to accomplish this without the use of third-party certification seals, as most of Titrayju is sold directly to the consumer. Guayakí and Kraus, however, are directed towards international markets. As such, these labels are ways of further establishing legitimacy and rapport with consumers.

Each producer has different relations with third-party certification organizations. Guayakí acts most in accordance with the spirit of these labelling schemes, subscribing not only to “Fair for Life” requirements, but also joining other organizations like “Fair Trade Federation” and “B Corporation.” This is also reflected in their mission of “Market Driven Restoration” -- Guayakí truly appears to support the underlying transformative goals of the Fair Trade movement. It goes above and beyond certification requirements, adopting practices that value sustainability and conservation over profit. For Kraus, Fair Trade certification acts as a value-adding mechanism. Kraus follows all of the prescriptions of “Fair for Life,” but as a medium-sized producer itself, is still limited by market constraints.

On this note, it is possible to make some policy recommendations for future successes in the sector. Within Misiones, producers clearly have found a way to circumvent the oligopolistic market structure. They should continue with capital investments into processing facilities, looking for greater vertical integration of the production chain. A holistic approach to growing and harvesting -- that emphasizes social justice, conservation, and sustainability -- has been successful, and should be embedded on product packaging and marketing materials. Producers can also do more to cement a relational ethic with consumers, highlighting the origins of yerba mate and its deep connection to the history of Misiones.³⁷ This can easily be done, for example, by establishing a strong internet presence and creating multimedia informational materials.

³⁷ Titrayju has only begun sales in international markets. It will be interesting to see if it pursues third-party certification schemes in order to appeal to these foreign consumers.

To make yerba mate more accessible in international markets, producers should develop more of the value-added products previously discussed. The market for “superfoods” and health foods is growing rapidly, and yerba mate can be paired with any number of similar inputs.

Although it is not within the scope of this investigation to conclusively analyze social impact, it is interesting to compare the different strategies adopted by each network. Titrayju clearly has engaged the largest number of producers, providing a stable source of income for 200 *colonos* and their families. Its unique interpretation of *comercio justo* touches all actors in the commodity chain, from farmer to consumer. The fact that Titrayju endeavors to make its final sale price *as low as possible* illustrates an unprecedented regard for community welfare as a whole. This focus on re-distribution, rather than profits, has allowed Titrayju to continue enacting the original aims of el Movimiento Agrario Misionero. Such a model stands out from other cases in the Fair Trade literature, and could potentially be expanded to new parts of the yerba mate sector, or other commodities in general.

Kraus has followed a more traditional capitalist model of commercialization. Although Kraus clearly has a positive effect on hired *tareferos*, its impact is constrained by economic necessities. In spite of this, Kraus is a unique case study in itself, providing an example that could potentially inspire other medium-sized producers to expand to international markets. Likewise, Guayakí’s impact in Misiones is felt more in the environmental than social spheres. However, this seems to be a conscious business decision -- its development programs in Paraguay and Brazil currently aid a variety of indigenous communities and small producers. Guayakí’s commitment to sustainable

business practices and its philosophy of “Market Driven Restoration” are impressive, to say the least. It is one of the few companies that is concerned with preserving traditional livelihoods and ecosystems, instead of following the road of pure resource extraction and producer marginalization. This business model can be adopted by any firm from the Global North working with commodities in the Global South; consumers note the difference, and ideally respond by “voting with their dollars.”

Exploring these Fair Trade yerba mate networks has raised a number of questions and areas for further study. The most obvious deals with impact. The sector would greatly benefit from a quantitative, longitudinal study that looks into the results of participation in Fair Trade networks. Such a study could offer policy recommendations, shedding further light on the utility of Fair Trade certification schemes. It would also be interesting to focus on the area of consumption. How do consumers perceive, and why do they buy, Fair Trade yerba mate? Is it regarded in the same way as other Fair Trade commodities? In addition, the discussion could touch on themes of cultural appropriation. As the practice of drinking yerba mate spreads across the globe, does this have consequences for the cultural identity of South Americans? Globalization is creating new ties between cultures: a study of yerba mate consumption would have important implications for similar commodities, cultural appropriation, and transnationalism as a whole.

Within Misiones, it would be worthwhile to conduct deeper investigation into the case of *tareferos* themselves. The yerba mate harvest lasts, at most, six months. It is still unclear what strategies these workers adopt for the rest of the year, in order to find a source of income. A more complete understanding of the situation of *tareferos* could

better aid in community development efforts by Fair Trade organizations. For small producers, progress in government regulation could change the face of the yerba mate sector. Social movements and producer organizations are constantly pushing for overhaul of the Instituto Nacional de la Yerba Mate: developments here would impact participation in Fair Trade networks. Understanding the dynamics of the relationship between Fair Trade and government regulation will clearly be valuable for all actors involved in the commodity chain. On a related note, the *tractorazos* of the 2000s were only partly successful. Further investigation into these manifestations could provide insight regarding organizing strategy and social movements in general.

As of 2014, all of these networks sell yerba mate internationally. At the risk of being overly speculative, it is clear that the future of yerba mate lies in the international context. The Argentine market is beyond saturated, and producers are constantly discovering new markets around the globe. Consumption is increasing -- exports to the United States moved from \$3.4 million to \$4.6 million between 2010 and 2011.³⁸ Yerba mate businesses are capitalizing on this growth, especially in overlapping alternative niche markets. They follow third-party certification schemes like “Fair for Life” to establish legitimacy with consumers, cementing this relational ethic with embedded information about product origins and quality. These organizations stress yerba mate’s positive health effects, as well as its deep connection to *misionero* culture. They find novel ways to appeal to foreign consumers, using value-adding mechanisms to both emphasize and transcend the “exoticness” of the product, ultimately creating something that is beneficial for all involved in the commodity chain – workers, farmers, the

³⁸ Taken from FAOSTAT website: <http://faostat.fao.org/site/535/DesktopDefault.aspx?PageID=535#ancor>

environment, and (especially) consumers themselves. How far the impact of Fair Trade will go depends on the general historical context of Misiones, the pre-existing social and economic structures of each individual network, and the potential future developments of the yerba mate sector.

Whether deemed “*oro verde*” or “*el producto madre de Misiones*,” yerba mate has always been tied to the fate of the province and its people. Currently, Fair Trade yerba mate organizations are fledgling actors, only engaging a handful of *tareferos* and producers. However, a rapidly changing world could mean new possibilities for those individuals and communities involved in Fair Trade networks. Whatever the future holds, it is certain that *misioneros* will confront it standing up, with a thermos in one hand and *un mate* in the other.

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