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Community Empowerment through Fair Trade
: The case study on partnership between
iCOOP KOREA and PFTC/AFTC

Researcher: Eun-hui, Eom
(Researcher, Seoul National University Asia Center)
Translator: Kyungsoo, Lee
(Associate Researcher, iCOOP Co-operative Institute)

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Community Empowerment through Fair-trade : A Focus on the Partnership Between iCOOP KOREA and PFTC/AFTC

Eun-hui, Eom

1. Introduction

The growth rate of the Korean fair-trade movement has been rapid, though it started rather late compared to those of Europe and North America (1950-60s) and of Japan (early 1990s). One character of the Korean fair-trade movement is the active role of consumer co-operatives in its growth. Fair-trade products first introduced to customers when Dure Consumer Co-operative (hereafter Dure) imported muscovado from Philippine Negros in 2004 and expanded its product range in 2007 with the involvement of iCOOP KOREA (hereafter iCOOP) in fair-trade movement.

Currently iCOOP provides various fair-trade products including coffee, muscovado, chocolate, olive oil, wine and handicrafts from ten products sights in eight countries to its members. It directly imported fair-trade products from production organizations and also from intermediary fair-trade organizations in Korea and the world. The most special feature of iCOOP's fair-trade is its relation with Panay Fair Trade Center (hereafter PFTC) and Antique Fair Trade Center (hereafter AFTC) of the Philippines. A Total of 7,000 iCOOP members, employees, and producers funded KRW 180million (USD 170,000) to build a new muscovado factory in Panay Island with the aim of "support of independence through building economic base in production site". With the launching of this

factory, PFTC, the only fair-trade organization in Panay Island expanded its reach from Iloilo Province to Antique Province, but also 60 farmers in municipality of Belison in Antique also started to participate in the fair-trade network. It also contributed to a stronger partnership between iCOOP and PFTC/AFTC.

This paper investigates the partnership between iCOOP and PFTC/AFTC with a focus on the changes in production community. Especially it wants to shed light on three things. ; The history and current status of fair-trade partnership; socioeconomic changes among the producers after partaking in the fair-trade network; further implication to the cooperation of iCOOP and PFTC/AFTC.

2. Fair-trade in Korea

1) History of Korean Fair-trade Movement¹⁾

The history of the Korean fair-trade movement is distinguished by its rapid growth in a rather short time. Beginning with Dure's import of muscovado from Philippines Negros Island, other civil society organizations like YMCA KOREA, Beautiful Store, and Korean Women's Environmental Network started the fair-trade movement. Currently in 2013, Korea Council of Fair Trade Organization (hereafter KFTO), which consists of seven members and three associate members as of 2013²⁾, has been leading the fair-trade movement in Korea through campaigns for World Fair

1) For further information, see Korea council of Fair Trade Organizations <http://kfto.org>

2) Korean Food for the Hungry International Happy Sharing, Dure APNet, Beautiful Coffee, Asia FairTrade Network, iCOOP KOREA, Fair Trade Korea Gru, YMCA Korea Peace Coffee are members, and The Fairt Story, Earth Man, Trade with Faces are associate members.

Trade Day and Walking Fair Trade, among many others. Its total annual turnover is KRW 9m700 million (USD 9.4 million). Aside from civil society movements, franchise coffee shops and supermarkets also provide Fairtrade Labelling Organization International (FLO) certified products like chocolate and coffee to customers.

Product Type of Fair-trade Organizations

Organization	Products	Shops
Dure Consumer Coop, APNet	Muscovado (Philippines), olive oil (Palestine), coffee (East Timore, Laos, Peru)	119
Beautiful Coffee	Coffee (Nepal, Peru, Uganda), chocolate	1,583
iCOOP KOREA	Coffee (Laos, Columbia, Indonesia, Brazil), muscovado (Phillipine), pepper (Nepal), chocolate, wine (South Africa)	129
Fairtrade Korea Guru Co.ltd.	Garment, handicraft, etc. (India, Nepal)	6
Peace Coffee	Coffee (East Timor)	290
KFHI Happy Sharing	Coffee (Mexico, Indonesia)	111

Source: Korea Council of Fair Trade Organizations(May 2013)

Fair-trade Turnover (thousand KRW)

Organization	2008	2009	2010	2011	2012
Korea Food for Hungry International Happy Sharing	-	63,000	247,000	-	570,000
Dure Consumer Coop APNet	483,000	721,000	860,000	1,074,000	1,343,000
Beautiful Coffee		-	3,400,000	3,600,000	3,100,000
iCOOP KOREA	451,000	1,130,000	1,827,000	2,200,000	3,100,000

Asia Fair-trade Network	-	-	-	-	100,000
Fairtrade Korea	-	-	720,000	950,000	1,045,000
YMCA Korea	-	-	700,000	500,000	430,000
Total					9,688,000

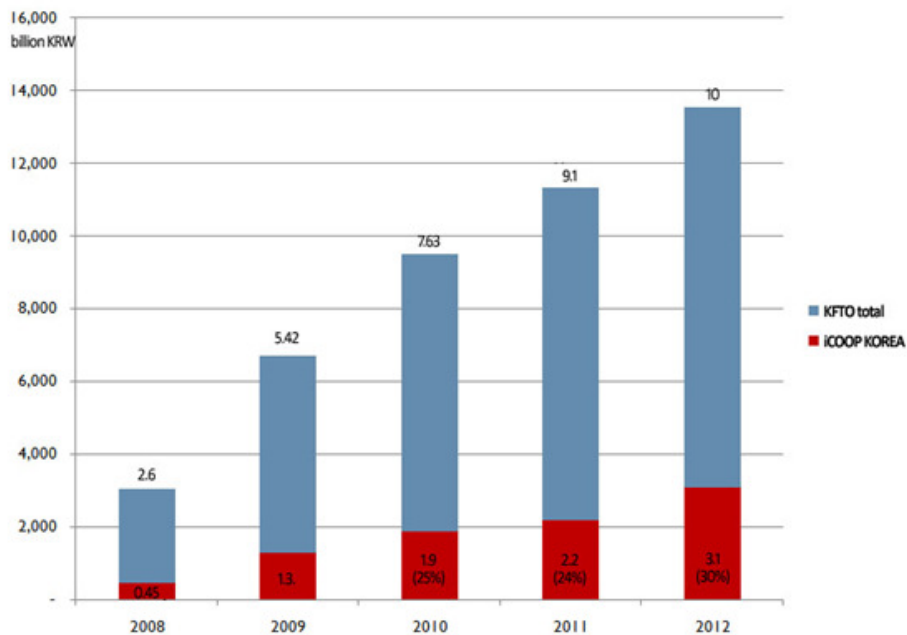
Source: Korea Council of Fair Trade Organizations (May 2013)

In addition, with the involvement of consumer co-operatives Dure and iCOOP, civil society fair-trade movements expanded from just international cooperation movements to commercial successes. Although this development is important, it can also become a constraining factor in the Korean fair-trade movement. Under the Korean Consumer Co-operative Law, non-members cannot access consumer co-operative products, thus it also limits people's access to fair-trade products provided by consumer co-operatives. On the other hand, as the Korean consumer movement focuses on the mutual development of consumer and producers with a particular focus on domestic organic agriculture products, fair-trade products which have similarity with domestic products might be excluded from imports, which also constrain the enlargement of fair-trade items.

2) History and Current Status of iCOOP's Fair-trade

iCOOP first started its involvement in the fair-trade movement by establishing the Fair-trade Promotion Committee in 2007 after series of member survey and talks with producers. The most needed item was muscovado or organic raw sugar for making fruit sap, but the first item to be sold was East Timor coffee produced by YMCA Korea. In the same year, Columbian cacao mass was

imported through fair-trade and processed in Korea. In 2008, Columbian instant coffee and muscovado from Philippine PFTC was imported, and in 2009 Nepalese pepper and South African wine was also imported and introduced to members. The total fair-trade turnover in 2012 was KRW 3,100 million and the fair-trade fund collected from each item (for example, 500 KRW for 3 kilograms of muscovado) amounted to 58,099,080 KRW (aggregate total from 2008 is 175,669,270 KRW). iCOOP's fair-trade turnover is 30% of KFTO and 0.89% of total iCOOP turnover.³⁾



This fund was used to provide a truck, facilities and a community library in East Timor in 2010 (KRW 30 million) and to build a muscovado factory in Philippines in 2011 (KRW 1.5 million), in this building project, together with voluntary donations from

3) Taeyeon, Kim, 2013.

members. iCOOP is considering further usage of this fund in Panay Island and expansion of its production sites in other areas. One possible usage is to build an AFTC Co-operative Center that children and AFTC members can use for education as half of the children in Ipil Barangay are not currently enrolled in formal education system due to either their age or household conditions.⁴⁾

Its partnership with PFTC is noteworthy as the PFTC became the first direct trade partner developed by the iCOOP Fair-trade Team and maintains long relations regardless of FLO certificates. With its relatively close location from Korea, it became an active partner of iCOOP. The factory building project starting from 2010 also consolidated this solidarity. iCOOP funded KRW 180 million KRW for the factory while PFTC selected the production sites and organized and educated new producers. The establishment of AFTC was the result of this cooperation.

3. Contextual Understanding of the Production Site

1) Sugar Industry and Muscovado

Sugar is a main export product of the Philippines, along with coconut. The emergence and growth of Philippine sugar industry is closely related to political and social changes in the Philippines.⁵⁾ The sugarcane plantation first developed under the Spanish colonial rule in the late 18th century, and the major sugarcane production site was Talac region above Manila, Southern Tagalog region, and Negros Island. The Negros Occidental Province is the

4) Taeyeon, Kim, 2013.

5) Lakin, 1993, Seung-woo, Park, 1998.

main production site, producing 68.4% of the total Philippines sugarcane production in 1980s.⁶⁾ Negros Island is a tropical forest zone inhabited by many indigenous people and its sugarcane industry was developed in the late 1800s when the need for sugar export was high. As inhabitants on the Island were sparsely located, workers were imported from nearby islands through compulsory or contract labor.⁷⁾ It is assumed that parts of sugarcane cultivation technology and capital were moved to Panay Island during this development as the main import/export harbor resided in Panay.

The Philippine sugarcane industry was rapidly commercialized from the start. It exported most of its products to the outside world and became considerably developed in the early 20th under the colonial rule of the United States. It became an agriculture system with a stable demand from the American market. The export-oriented commercial agriculture system became the prime model for the Philippines, with export to America amounting to 90% of total Philippine exports. In the heyday of the sugar industry, a new sugar central with large-scale processing facilities and railways linking plantation farms to the factory was established after the 1920s. It marked the turning point of the Philippine sugar industry from producing muscovado, or brown, non-processed sugar which was considered to be low-value or backward, to providing Americans with white processed sugar. Thus, muscovado was re-imaged as a coarse food and a poor man's sugar. However, small-scale sugar mills marginally maintained traditional muscovado production.

In the early 80s, as sudden drop of international sugar prices

6) Seung-woo, Park, op.cit.

7) Macoy, 1983

and natural disasters harshly hit the Philippines, especially its sugarcane production region. In 1984-85, 350,000 sugarcane workers and their families fell into starvation on Negros Island, giving the island the name of "Ethiopia of Asia" as the sugar cane managers left the plantation farms and left nothing to the workers.⁸⁾ Bishop Fotich, the catholic leader of Negros Island requested the West and Japan to provide emergency support and international aid including long-term agriculture reform and development project.⁹⁾

Japanese consumer co-operatives quickly responded to the request and established Japan Campaigning Negros Committee (JCNC), which dispatched medical service teams and financial support to the agriculture co-operatives and people's organizations on Negros. Meanwhile, Japanese consumer co-operatives grasped the idea of "trade-not-aid" that was gaining popularity in Western civil society. They built Alter Trade Japan (ATI) and organized Alter Trade Corporation (ATC) as a counter partner in Negros and started importing muscovado sugar produced by small-scale farmers in Negros through ATC. This was the moment when muscovado became a symbol of fair-trade.

Currently, Negros and Panay Islands are considered as classic fair-trade productions site that trade with various fair-trade consumer organizations.¹⁰⁾ Its organic, healthy muscovado is gaining interest not only from fair-trade organizations, but also from the domestic Philippine population with the surging interests

8) Nagao, 1988

9) Jeonghui, Kim, 2006.

10) In particular, Negros Island is one of the most important areas in the Philippine sugar industry (sugarcane growing, sugar producing, and export). Conventional sugarcane plantation farms and sugar centrals are still dominant in the Islands.

in organic food in the 2000s.

2) Overview of Research Site



Source: <http://mappery.com> (accessed on 15 April and amended.)

Panay Island, located west of the Central Visayas of the Philippines, consists of four Provinces: Aklan, Antique, Capiz, and Iloilo. It faces Negros Island, the biggest sugar farming site across the Guimaras Strait. As there are mountains along the western coast, most of the population is located in Iloilo and the northern coast ports and tourism sites. Three rivers, Jalaur, Jaro and Sibalom run through the southeast prairie, which grow rice, coconuts and sugarcanes. The total population of Panay Island is 4 million, as of 2010.

A new AFTC, organized by iCOOP and PFTC, is in the Municipality of Belison of Antique Province. Bellsion has the

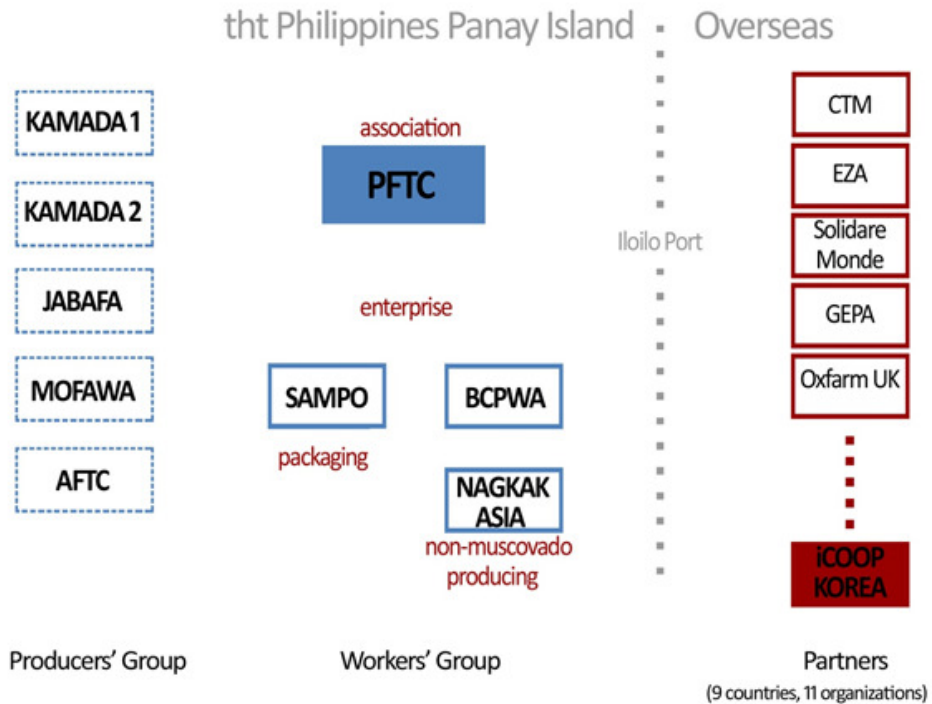
smallest area with 1,980 hectares in the Antique and consists of 11 Barangay and a population of 12,952 as of 2010. The number of people over 18 is 64.7% but only 45% of them are full-time employees. As 73% of the municipality is a farming site, most of the population engages in the agriculture sector. Western Visayas, where Panay Island belongs to, has the highest agriculture population rate (39.7%) among employees in the Philippines (an average of 31.2%). Ipil Barangay, where the AFTC factory is located is a typical agricultural village of 158 households and 752 people. Seventy-two percent (96 hectares) of the farming area is comprised of rice paddies and only seven hectares are sugarcane sites as of 2011. Belison is the second poorest village in Antique Province. Almost 48% of households are living under the poverty line.¹¹⁾

4. PFTC and Its Change

1) History and Current Status

PFTC, established by producer, labor, and civil society organizations, is a Panay Island-based enterprise and the representative umbrella organization that manages muscovado production and trade. It was initiated by the meeting between Ruth Salito, an activist of the female organization KABADA that has long been involved in advocacy activities, and Dalvi, the president of the Italian fair-trade organization CTM Altromercato who visited Iloilo in 1990. Newly established CTM was looking for third world partners that could produce items to be sold in CTM's World Shop. After studying CTM's request for involvement in fair-trade,

11) Municipality of Belison, 2011



KABALAKA founded Panay Fruit and Trading Corporation with 25 female members and registered it on the Philippine stock exchange on 10 July, 1999. The corporation first provided deep-fried banana chips made from native bananas of Balongon to CTM in 1992. Salito, the first president of PFTC who attended the biennial IFAT Conference by CTM's invitation, invited various fair-trade producers and trading organizations to Iloilo. They interviewed producer organizations and sugarcane production sites that PFTC organized, and examined the possibility of muscovado production. PFTC's muscovado was delivered to Italian and European markets through CTM from 1993, and soon, PFTC was registered as a fair-trade producer organization in EFTA.

PFTC is a local export enterprise working within the international fair-trade networks to manage final packaging, shipping, and

exporting. It has the dual function of production and trade within one organization, which is different from the conventional division of labor separating production and trade. PFTC is managed by its top decision-making body, a board of directors, although daily work is conducted by the Management Committee, which is a meeting of the standing directors. There are seven members in the PFTC, four of which are muscovado producing farmers' co-operations, and last three are female workers' co-operatives in charge of muscovado shipping, banana chip processing, banana chips and ginger chou packaging.

Also, there is one more PFTC related organization, Fair Trade Foundation Panay (FTFP), which is built by Salito, one of the founding members of PFTC. The focus of FTFP is social service and education for community (especially female) members, while PFTC's main activity is in the economic field.

2) AFTC, the New Producer Organization

Though the muscovado factory project got on track after 2010, producers' organization and plan for building a factory (sugar mill) was pushed forward right after the start of fair-trade partnership between iCOOP and PFTC, as iCOOP asked for a certain amount of muscovado output. While PFTC headquarters and activists' main production fields are in Iloilo Province, the prospected factory site is Belison in Antique Province. As the factory might cause additional cost and effort in management and logistics and was the first try for PFTC to start its activities in Antique Province, PFTC and iCOOP agreed to start a new venture with the vision of extending fair-trade movement in Panay Island. They started a muscovado factory building project in Ipil Barangay and a new

producers' organization, and AFTC emerged and developed with this partnership. In short, Panay producers' organizations in the fair-trade network extended its coverage in Antique as well as in Iloilo.

Producer Organization of PFTC

Organization		Full Name	Remark
KAMADA 1	Producers' organization	Katillingban sang	
KAMADA 2		Mangunguma sa Dabong (Dabong farmers' group)	Dabong, Iloilo
JABAFA		Janiuay Badiangan Farmers Association	Badiangan, Iloilo
MOFAWA		Mina Organic Farmers and Workers Association	Mina, Iloilo
AFTC		Antique Fair Trade Center	Belison, Antique
SAMPCO	Urban poor females' organization	San Antonio Multipurpose Cooperative	Muscovado packaging
BCPWA		Banana Chips Producers and Workers Association	Banana chip producing and processing
NAGKAKAISA		Nagakaisa nga Kababainhan nga Imol as Syudad (Urban poor women's association)	Banana chip packaging

Source: updated from Eom (2010).

3) Overview of PFTC/AFTC Production Organization

PFTC/AFTC processes its muscovado in the organization-owned small-scale sugar mill by itself. In contrast, in the conventional sugarcane industry, harvested sugarcane was delivered to and processed in the sugar central owned by and international sugar company. Thus, PFTC/AFTC and its four organizations (five sugar mills) take full charge of the whole process of production from sugarcane farming to muscovado production. Accordingly, the

whole added value was provided to the producer farmers, or in other words, to the community.

Sugarcane farming starts from planting seedlings in late May or early June. After five or more months, it grows up to 2.5 meters and bears flower buds at the top. Sugarcane was harvested before blooming, and sent to the sugar mill and put into the milling process within two days. The final product is muscovado, which is unrefined raw brown sugar.

Sugar mill managers from four producer organizations and PFTC managers have meetings every November to coordinate the crop and harvest season for each organization. Below tables show the current status of PFTC including the number of members, outputs and exports.

Basic Information about AFTC

	2012/2013	2013/2014
Members (owner/tenant)	67 persons (15/52)	58 persons (16/42)
Farming area (sugarcane/non-sugarcane)	51 ha (30.6/20.4)	47.73 ha (25.57/22.16)
Average farming area (minimum/maximum)	0.76 ha (0.17/2.0)	0.82 ha (0.21/2.31)

PFTC Muscovado Output of

	Members	2011/2012	2012/2013	2013/2014*
JABAFA	68	207,584	184,093	300,000
MOFAWA	61	235,952	243,067	330,000
KAMADA 1	74	207,584	221,700	350,000
KAMADA 2				
AFTC	58	25,000	50,000	80,000

Note: 2014 output is expected production in November 2013

PFTC's Muscovado Export (based on shipping, kg)

Partner	2009	2010	2011	2012
CTM (Italy)	242,720	256,300	268,820	313,670
S-Monde (France)	19,440	75,600	28,080	38,000
EZA (Austria)	10,500	18,600	28,000	21,000
A-Tres (USA)	31,730	33,000	26,000	13,320
DWP (Germany)	14,500	14,000	21,758	18,408
Welsun (Hongkong)	2,500	2,000		2,000
iCOOP (Korea)	18,000	46,000	94,000	86,000
Wachachai (Japan)	1,000			1,000
Total	340,390	445,500	466,658	493,598

Meanwhile, AFTC farmer members live around Ipil Barangay, where the new sugar mill was founded. Considering the rather small sugarcane farming area (7 hectares), the establishment of AFTC and the new factory seemed to invoke interests in the sugarcane farming among community farmers. But it should be noted that members not only grow sugarcane, but other grains as well. Among the AFTC members, non-sugarcane area was over 20 hectares in 2012 and in 2013. Moreover, nine members (11 fields) exited AFTC in 2013 due to the contract termination and the conversion to rice farming. The reason for this is estimated to be the unfamiliarity and difficulty of sugarcane farming compared to rice farming and the difficulty of maintaining sugarcane fields as 70% of members are tenants rather than owners of the field.

5. Community Change after Engaging in Fair-trade Network

1) Survey Structure

This research conducted two surveys to examine the changes in the community. The first survey was an extensive one that targeted 50 producers, workers, and employees. Respondents are comprised of 20 producers of AFTC, 15 producers of KAMADA, which was evaluated to manage with the most stability out of the four organizations, 10 workers of SAMPO hired by PFTC headquarter to take charge of muscovado packaging, and 5 full-time PFTC headquarter employees. The second survey focused on the changes in AFTC, after a new production organization by interviewing 20 producers of AFTC. It gathered basic information about AFTC members' economic condition to objectively evaluate the economic changes brought by participating in the fair-trade network. In addition, the findings of the second survey were cross analyzed with the result of the first survey to better understand the lives of the members.

2) Findings of First Survey

Fair-trade partnership contributed to provide a new opportunity for the members of the organization. If we look at the 35 respondents (30 valid respondents) of KAMADA and AFTC, income from muscovado production is as follows. Their income is 10,000-40,000 PHP (245,000-450,000 KRW) as most of them are tenants (except three owner farmers) and pay half of their income to land owners, whereas the average income of owner farmer is

20,000 PHP, although one respondent reported it to be 70,000 PHP. In the case of farming in 0.5 hectare sugarcane site, expected muscovado harvest is 1000 kilograms, and expected minimum income is 10,000 PHP for a tenant while 20,000 PHP for an owner.

The average household consists of three to five members including two households of seven persons. Compared to the average Philippine farmers' income of 20,000 PHP, farmers who own under two hectares of land earn additional income through¹²⁾ muscovado production outside rice farming. However, it is important to note that member farmers increased their additional income through their ownership of the sugar mill. Members who participated in the management by taking positions such as president, accountant, field manager, maintenance, and quality control officer can get additional 4,000 PHP income during the six months of milling season. In the case of a 61-year-old female respondent who could not grow sugarcane, she received additional 200 PHP per day for cleaning the factory during the milling season.

A comparison of KAMADA and AFTC producers shows an interesting difference in their organizations. The KAMADA group established in 1997 developed a more comprehensive division of labor compared to the AFTC group established in 2011. A prime example is the existence of the Co-op Store manager and an account manager in charge of sugarcane implanting and factory maintenance timing, as well as simple accounting work during the milling season. In addition, the role of a member who has a nickname of Maestro is also worth mentioning. As the best cook (processing technician) among four producer organizations, he was invited to the AFTC factory project to work as a technical advisor

12) Cararing, 2012. Average income ranges vary considerably.

who would teach new members the muscovado cooking process. This can be considered to be a case of technology diffusion within the organization.

Workers engaged in producing and packaging other fair-trade products like banana chips and ginger chous received their income mainly from PFTC. Most of them are members of organizations for the urban poor; these organizations are local partnership organizations of PFTC. They are contract-based part-time workers working five to seven days per month. Wages are 200-300 PHP per day and paid weekly. However, PFTC's fair-trade demand is still low considering the work opportunity need for the urban poor. They solely depend on PFTC for their income and have little chance of getting additional income from community development funds.

3) Other Findings

Worker satisfaction and professional satisfaction is very high, especially from those obtained the full-time jobs through PFTC. They received the proper wage and services along with additional rewards and incentives for good performance or recommendation from producers' organization. Working environment and safety management was also satisfactory.

Many workers describe the biggest personal change after participating in PFTC/AFTC as economic change: "job creation or sustainable job," "additional income," "stable living," "quality of life improvement," "enhanced child education opportunity," "buying domestic animals," and "saving". In short, they are experiencing personal economic change through fair-trade.

Changes in members' perceptions after participating in fair-trade network

Emotional	Cognitive	Social
<ul style="list-style-type: none"> • Magnifying self-trust • Pleasure of working • Stability and accountability in jobs • Positive self-evaluation • Prospect for the future • Commitment to the community 	<ul style="list-style-type: none"> • Technology learning (organic farming, marginal field management) • Sharing farming experiences • Innovation dissemination • Importance of time-managing 	<ul style="list-style-type: none"> • New friends and neighbors • Peaceful relationship • Belonging to the community • Trust in leaders • Local identity • Democracy learning through meetings and discussions

4) Findings of the Second Survey

In a more detailed second survey, it was revealed that AFTC members' real income is lower than expected. The reason for this discrepancy is supposed to be the low sugarcane production skills of members, as most of them are novices in sugarcane production and the variation between farmers' harvest due to land and climate conditions. Still, AFTC members received an additional 8,000-49,000 PHP (as of 2012) by producing fair-trade muscovado.

Take the case of tenth respondent, for example. He is a full-time farmer of rice and sugarcane and got the best income out of member farmers solely by participation in sugarcane growing. His decision to lease an additional 1.5 hectares as a sugarcane field suggests the advantage of sugarcane growing.

Fair-trade income is estimated to occupy 50% of total income while seven out of 20 respondents get their cash income only from fair-trade. From this, it can be argued that fair-trade provides an

opportunity to farmers, who usually do not have any additional income source, to develop their livelihood. But the influence of remittance on member households should also be noted. Remittance income to the Philippines from the outside world is up to 10% of official GDP due to the prevalent labor export. AFTC also faces this tendency, which can be a threat to community development.

On the other hand, there is a positive sign for possibility of community development through fair-trade. Among AFTC members, six out of 20 respondents are under 45-years old (three are under 40), which indicates a rather young agriculture community. Also, job creation for non-farming members in factory positions might be another chance to generate income.

A problem to be solved was identified in the second survey. One response indicates that there is difficulty of participating in the decision-making process due to the long distance away from the AFTC factory. As the aim of fair-trade is not only to increase economic access of the marginalized producers and workers, but also to provide learning opportunity for autonomous management and widened participation, participation and management process should be further developed.

5) Community Benefits from Fair-trade Social Premium

One of the principles of fair-trade is to provide a social premium for the long-term sustainable growth of producer organizations, as well as technical support and an agreed minimum price. The fund built by the social premium is used to meet the needs of the producer community and capacity building, but can be used as medical support or micro-credit due to the agreement by the

producer organization.

In the case of PFTC, each producer organization saves one peso per kilogram toward a community fund. For example, if KAMADA produces and delivered to PFTC 12,000 kilograms of muscovado, PFTC should provide community development fund of 12,000 PHP. Instead of as an annual process, PFTC provides the fund only when there is a need from the organization, but usually encourages saving the fund to grow to a sizable amount. In 203, AFTC decided to use the fund to build a refractory in the factory as its first joint project. The other community development fund is continually saved under the management of PFTC, and will be used after discussions with and agreement by members. The discussion itself will provide an opportunity for learning and implementing democratic decisions. Currently, PFTC/AFTC decided five areas for usage as follows. : Facility improvement (refractory, etc); education (nursing center, etc.); crisis management fund, disaster fund; small-scale loan to members; and meeting and support for training programs.

Meanwhile, PFTC is also endowed with a small-scale credit fund (production loan) from Italy fair-trade partner CTM-Altromercato. The objective of this fund is to enhance the production capability of each factory by providing 60,000 euro at the rate of 5.7% a year. The fund of 15,000 euro was distributed to each factory and returned in the form of muscovado delivery.

6. Conclusion and Policy Implications

It is inspiring that the financial support of iCOOP combined with the organizing efforts of PFTC cultivates a fair-trade movement in

Antique Province of Panay Island. Although the organization level of producers, sugarcane technology and muscovado output needs to be increased, there are real meaningful changes in the community after the founding of AFTC.

First, fair-trade movement was geologically extended. The reach of PFTC, the Panay Island's exemplary fair-trade organization', was limited within Iloilo Province. But with AFTC, the actual coverage of fair-trade has been expanded to Antique Province as well. It can be a real opportunity for increasing the number of fair-trade beneficiaries and advocating the idea and value of fair-trade.

Second, the management capacity of PFTC was improved. Even though iCOOP and other partners' financial support play a significant role in establishing AFTC, it was impossible without PFTC's active involvement in finding a site, training farmers with the value of fair-trade and providing various education and training programs. PFTC's organizational and business capacity was enhanced during these various activities. It can be a stepping stone for "changing the whole Panay Island into the Mecca of fair-trade," the common vision shared by both iCOOP and PFTC/AFTC.

Third, there is tangible increase in community income. Sixty new farmers in Belison participated in the fair-trade network and earned extra income through it.

Fourth, the possibility for participation and autonomy was increased. Fair-trade not only provides economic benefits to its members, but also enlarges the possibility of democratic learning by incorporating them as a part of management. AFTC members are expected to enhance their governance capacity through collectively-owned factory management.

Fifth, sustainability is identified in fair-trade partnership.

Consumer partners (in this case, the presence of iCOOP) provide stable supply for the product and thus, contribute to the stability of producers. To increase this sustainability, producer partners should be encouraged to develop its stable producing capacity. As there are possible points waiting to be developed in capacity building, such as the participation of relatively young males, further development strategy is needed to encourage this sustainability.

Based on the identification of the economic impact of fair-trade partnership in PFTC/AFTC this article would like to suggest three things to iCOOP, the other pillar of fair-trade partnership. First, it is time to transform the perception of fair-trade from “good trade” to “reciprocal solidarity.” As we can see from the political repression against the PFTC epitomized in the tragic accident of Ruth Salito's accusation of rebellion against central authority,¹³⁾ fair-trade activists and organizations are risking their lives to organize and engage local producers to the fair-trade network. Until now, Korean fair-trade movement imagined the fair-trade producer not as a collective individual engaging group and society but as an individual “good, poor farmer or urban female” who needs help. However, the individual producer/worker is a social actor working in a concrete socioeconomic reality of a certain

13) Details of the accident and iCOOP's response to it can be found on the following link.

<http://www.pressian.com/news/article.html?no=69386> (in Korean)

In addition, Romeo Capalla, the chairperson of PFTC got a victim to an assassination and KAMADA sugar mill was set on fire in March, 2014. iCOOP and other Korean fair-trade movement organizations define this accident as a “political murder” and currently go campaigns against the Philippine military government to urge it finding out the real truth of the assassination. More details can be found on the following link.

<http://icoop.or.kr/v2/announce/view.php?code=announce&homepage=003&page=1&number=6652&keyfield=subject&key=pftc&no=5&fid=1873&thread=A> (in Korean)

community or state. Since fair-trade alone cannot cure the structural inequality and political problem in the Third World, we should imagine him or her in the context of mutual growth and solidarity, not of benevolence and dispensation. It is high time to examine and change the consumer-side conception of fair-trade in Korea.

Second, human relations between producers and consumers should be expanded through various ways within the fair-trade framework. In the initial phase, the Korean fair-trade movement focused on increasing product imports by using professional activism as a focal point. However, as fair-trade is stabilized in terms of economic relations, it is time to develop human-based fair-trade partnership. With the more and profound human relations, the more information and understanding of partners and more visible solidarity is possible. iCOOP's fair-trade initiative might be one way of increasing face-to-face relations between consumers and producers. Combined with other social economic organizations' expertise in planning the initiative, it is practicing the idea of solidarity and network during the process. After the initiative's initial implementation, contact can be expanded to producer organizations and medical co-operatives or technical social enterprises in Korea. It could be a promising case that articulates a response to the medical and technical need of the producer community as well as an event of cooperation between co-operatives.

Third and last, the Antique Community Center initiative should be implemented with a long-term vision and strategic aim of community development. Currently, Korean aid policy is transforming its focus from aid to capacity building of the community through the partnership with the recipient community.

Korean aid agency is developing a new cooperation model that the local community participates in the management and development of curriculum while donor provides the infrastructure such as a training school. This model can be an exemplar model for iCOOP Antique Community Center with the focus on the community empowerment and development.

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Income from Muscovado of PFTC/AFTC Members (2012-13, PHP)

	Total Income	For Landowner	For Him/Her	Payment	
				Monthly	Daily
1	141,000	47,000	47,000	4,000	
2	40,000	20,000	20,000		
3				4,000	
4	80,000	40,000	40,000		
5				4,000	
6	60,000	30,000	30,000	4,000	
7	24,000	12,000	12,000		
8	9,000				
9	40,000	20,000	20,000		
10	26,000	13,000	13,000		
11	17,000	8,300	8,300		
12	20,000	10,000	10,000		
14	40,000	20,000	20,000		
15					200
16	30,000	15,000	15,000		
17	24,000	12,000	12,000		
18	40,000	20,000	20,000		
21				4,000	
22			38,000		
23	15,000	7,500	7,500		
25				1,500	
26	40,000	20,000	20,000	4,000	
27				4,000	
28	72,000	36,000	36,000	4,000	
29				4,000	
30	18,000	9,000			
31				4,000	
32			70,000		
35			17,000		

AFTC Members' Household Economy

Type of farmer	Area (ha)	2012			2013 (expected)				From the factory	(other source) Extra income	Remark
		Output (kg)	Total income	Sugar income	Output (kg)	Total income	Sugar income	Extra benefit			
Tenant	0.5	756	35,000	15,000	1,449	35,000	15,000	3,000	(200*15day) Cook assistant	Cows 3 Remittance	
Tenant	2	1,181	20,000	10,000	2,000	20,000	10,000	24,000	(4,000*6month) Vice president, QC manager	Cows 2 Remittance	
Tenant	1	2,520	20,000	13,000	2,520	20,000	15,000	n/a			
Tenant	0.25	459	12,400	11,000	300	8,740	7,000	9,000	(milling season) Part-time worker	Cow 1	
Tenant	1	9,000	47,000	47,000	6,000	20,000	20,000	24,000	(4,000*6month) Cook, president, tractor driver	Cows 2	
Tenant	0.5	600	20,000	8,000	400	19,000	7,000	13,000	Process officer assistant		
Tenant	1.5	995	12,000	8,000	900	12,000	8,000	24,000	(4,000*6month) Cashier	Cows 2, Pigs 3	
Tenant	0.5	1,200	50,000	30,000	1,200	50,000	30,000			Cows 2 Goats 3	
Tenant	0.75	781	30,000	12,000	500	30,000	5,000			Remittance	Low income from unfamiliar with sugarcane farming

Owner/ tenant	2.5(1.5)	1,000	59,000	49,000	4,000	100,000	100,000				Lease extra 1.5h for sugar farming (70%)
Owner/ tenant	0.25	400	8,800	8,000	400	8,800	8,000			Cows 3 Goats 7	
Tenant	0.25	-	-	-	-	-	-	15,000	200 PHP per day Factory cleaner		Female working the factory
Tenant	1.012	1,512	40,000	20,000	2,520	20,000	20,000	n/a			
Tenant	2.25	2,520	100,000	40,000	2,520	90,000	30,000			Cows 5 Remittance	
Tenant	0.25	756	52,000	22,000	378	24,000	12,000	24,000	(4,000*6month) HACCP, QC manager	Chicken 25 Remittance	
Tenant	0.25	-	-	-	1,260	40,000	40,000	15,000- 20,000	Harvesting and milling assistant	Cow 1	Start farming as a tenant in 2013
Owner	0.25	504	12,000	12,000	1,386	22,000	22,000			Cow 1 Pigs 2	
Owner/ tenant	2	1,800	30,000	30,000	3,000	27,000	20,000			Cow 1	Long-distance farmer, low attendance rate in governance
Tenant	1	-	-	-	2,000	40,000	40,000				New member in 2013
Tenant	1	-	120,000	-	600	120,000	18,600			Cows 2 Goat 1	Sugar harvest failure from bad climate

Survey Respondents

	AFTC	KAMADA	SAMPO	PFTC headquarter	total
First survey (June/July 2013)	20	15	10	5	50
Second survey (December 2013)	20				20

PFTC/AFTC Muscobado Producing Season (2012)

Producer Organization	Members	Milling Season	Production (kg)
AFTC	58	22-28 November	50,000
KAMADA 1	74	26 November-2 December	221,700
KAMADA 2		27 November-3 December	
JABAFA	68	4-10 December	184,093
MOFAWA	61	7-13 December	243,067