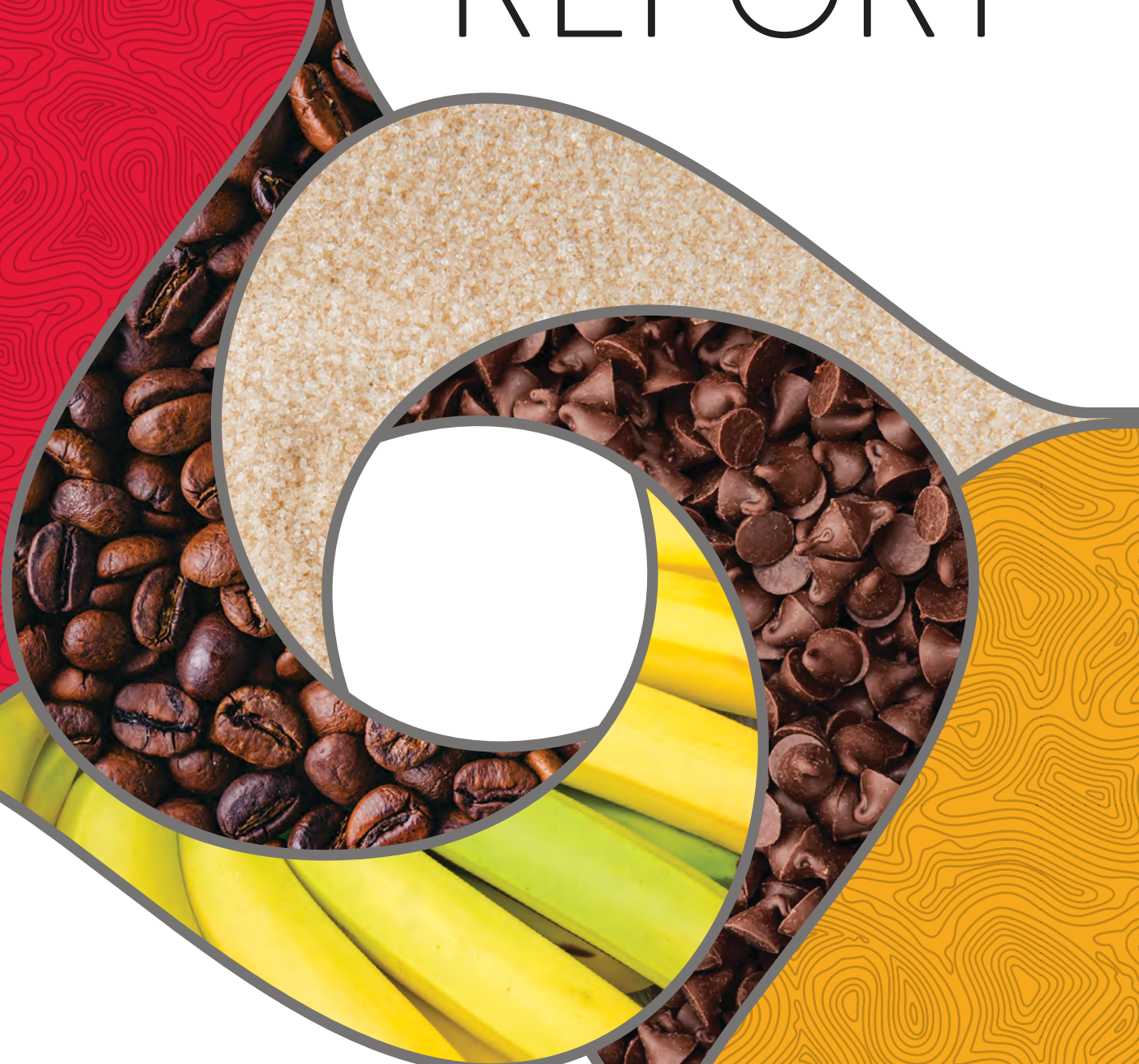


# ECO- SYSTEM REPORT



**lasiembra**  
worker co-op | creators of camino  
coop de travail | créateurs de camino



# BACKGROUND AND BRIEF HISTORY OF OUR ECO-SYSTEM OF ALTERNATIVE TRADE ORGANIZATIONS

Contributor: **Rink Dickinson**, Equal Exchange US

Over the last five years we have been building a small-farmer/citizen-consumer alliance eco-system of alternative trade organizations. This effort was at first semi-conscious and then deliberate. Together our organizations consist of Equal Exchange US, Equal Exchange UK, La Siembra Canada, and Oke US. Each of these groups are in themselves brilliant models of British/Scottish, Canadian, and American efforts to build international cooperation, solidarity, and innovative reform in the market through alternative trade.

Our common history begins with Equal Exchange UK and Equal Exchange US. Both organizations were startups that grew from the food coop movement in their countries. In each of our histories the buying and selling of local/regional small-farmer/“fair trade” products led to inevitable questions of how to buy traditional global commodities like coffee or bananas in an ethical, fair, manner that was built on mutuality and solidarity.

The two Equal Exchanges were guided and greatly influenced by Stichting Ideele Import out of the Netherlands. Ideele Import had been borne out of solidarity for countries like Angola, Mozambique, Tanzania, and later Nicaragua, and traded with these so called “socialist” countries by buying various food products. Coffee soon came to be the most important product for Ideele Import and their allied ATOs. In a matter of a couple years from 1985 to 1986 the two Equal Exchanges shared a name, a similar culture and worldview, although they were entirely independent organizations.

There were many alternative trade organizations at this time primarily in Europe. Broadly these ATOs could be put into two different camps. The first camp

was usually church based, “non-political”, and deeply committed to ethical fair trade with artisans/producers often in countries that they had connections in including India, Bangladesh, and Kenya. Ten Thousand Villages and SERRV in North America and TraidCraft in the UK are examples of alternative trade organizations from this craft focussed tradition.

The Ideele Import camp was in solidarity with anti-systemic/“socialist” movements like the Sandinistas, or the frontline states bordering apartheid based South Africa. These ATOs usually bought and sold food and coffee was their core product.

In addition to the Equal Exchanges, Twin Trading in the UK, and Ulandsimporten in Denmark are examples of ATO’s from this tradition.

The two Equal Exchanges were also pioneers in another key area. The founders of both organizations based on their earlier coop history structured their organizations as worker cooperatives and began the work of giving democratic governance to member workers while entrusting those members to own and live the fair trade mission.

In the 90s, alternative trade began to mainstream and became dramatically more commercial with the certification of fair trade for everyday coffee



merchants and later most traders in most commodities. The concept of Fair Trade was almost given away to merchants and capitalists to entice them to behave against their business interests (buying cheap) while at the same time funding the certifiers who were themselves driven by economics. Eventually those certifiers and the merchants entirely co-opted the fair trade model. By the middle of the 90s, a new chapter in fair trade dawned with this mainstreaming of fair trade. Within a very short time of this mainstreaming in Holland, Ideele Import was bankrupt. Within five years the mainstreaming of fair trade was advanced in Holland, the UK, Germany and most of Europe. Canada slowly followed Europe in this process and the US followed at a slower pace yet.

	EE US USD	EE UK USD	La Siembra CAD
<b>1996</b>	\$3,611,293	\$521,168	—
<b>2000</b>	\$7,195,595	\$981,894	\$47,042
<b>2004</b>	\$16,534,986	\$1,538,402	\$992,919
<b>2008</b>	\$34,440,241	\$4,608,575	\$6,531,947

### OKE USA, Agro-Fair, and the Birth of the Eco-System

In 2005 an innovative Dutch alternative trader, Agro-Fair, visited the new Equal Exchange US headquarters looking for a partner to launch small-farmer fair trade bananas in the seemingly barely tapped US market. Red Tomato, a regional produce non-profit led by EE founder Michael Rozyne became that partner. Equal Exchange played a role as a smaller contributing partner. Jonathan Rosenthal, also an Equal Exchange founder, led the new organization in building a small but significant beachhead for authentic fair trade bananas in the hostile US produce market.

The Great Recession of 2008 led Agro-Fair to the conclusion that it was time to hand the initiative over to the Americans. All parties agreed that Equal Exchange US was the best equipped for the lead role.

Agro-Fair had the clearest understanding of what the new OKE would need to have a chance to survive and led the parties down that path. Again, Equal Exchange was being directly coached and mentored by a larger Dutch alternative trade organization. This skill sharing and mentoring is too rare for alternative traders and significantly increased our capacity to create an eco system of aligned ATOs.

In late 2008, in a bold and historic move, Equal Exchange worker-owners voted to support taking the lead role and invest \$450,000 of risk equity in the rebuilt OKE US. In addition, all owners wrote off meaningful amounts of debt and cleaned up the balance sheet of the rebuilt entity.



EE US and La Siembra, Switzerland, 2008

In 1999, La Siembra started in Canada. Again, as with the Equal Exchanges, the founders of La Siembra chose the worker coop model for their ATO. These three organizations were still very unique in choosing this path. La Siembra started with a secondary commodity, cocoa, and were fairly successful in a first mover strategy in chocolate, sugar, and allied products in the Canadian market.

The mainstreaming of fair trade brought economic prosperity and peril to these three worker coops. Our estimated sales show something of the path of the organizations and implied commercial competition they faced.



Equal Exchange was open to such dramatic risk because it was clear that in a hostile, changing world, we needed allies. We were not at all prepared for a lead role in the demanding produce business. But we accepted the challenge and were able to build on the powerful work that OKE had done establishing the fundamentals of supply, customers, and distribution.

For a few of us, the “we question” became particularly challenging as we literally spent some number of hours of our work week at Equal Exchange and some at OKE. At the same time we were all learning how to think about how to support two organizations that were closely allied but separate: one an established ATO worker coop, and one a co-owned produce ATO that had never made a dime.

From there, it took five more years to fully found the new “eco-system of alternative traders.” We continued to see fair trade cheapened and commodified. More and more ATOs struggled as commercial merchants lowered margins and eventually pushed those lower margins back to farmers. In 2013 we purchased and restarted Equal Exchange UK, and in 2014 we were in the same situation with La Siembra. In both cases the long history of working together and sharing successes and mistakes had built deep trust. It was a reservoir as all of us were forced to make hard choices including giving up control and taking major risks.

Equal Exchange learned from the Agro-Fair/OKE experience. In each case we put up around \$400,000 of risk capital so the reborn organizations could operate. In each case, as in OKE, we directly or indirectly took a management role, and brought more focus to sales, to financial break even.

By this time we saw our group of ATOs as an eco-system of different organizations with special histories, roles, and work. We strove to find synergies and efficiencies but also tried to allow and endorse each organization’s uniqueness. We returned to the power of our small-farmer relationships and the worker coop model that was at the core of our organizations.

The eco-system of alternative trade organizations has been a key part of rebuilding our vision.

However, saving and solidifying some authentic ATOs is not enough to support small farmers or engage citizen-consumers. As we went back to the basics of real fair trade, we realized that we had left out the consumer. At Equal Exchange we had so committed to partners such as food coops and church development organizations that we were hurt when they did not fully see the difference between worker coop ATOs and merchants who had some fair trade wares. We slowly began to understand that we needed active engaged citizen-consumers to have a real chance to survive and prosper.

For the last five years, Equal Exchange US has been building the citizen-consumer direction. We have organizers working daily and weekly with engaged citizen-consumers. We are beginning to understand and rebuild our community sales department to connect with and integrate supporters regardless of whether they are motivated by faith, politics, ethics, or personal experience. We have opened our governance to citizen-consumers while maintaining worker-owner control and re-investing in international solidarity and cooperativism.

Over the next decade we need to integrate the two living experiments of the eco-system and citizen-consumerism into all of our ATOs. The alternative trade model needs to be rebuilt for this next period but based on our original solidarity vision. These elements include real human relations in the north and south, risk-based democracy in the global south and north, worker democracy, limited capital return, and market innovation. For the last thirty-five years we have had the privilege of working with amazing coalitions of farmers, coops, and their organizations. As we have known from the beginning we from the north need to learn from the south. Equal Exchange goes in both directions. Americans, Canadians and citizens of the UK all need to learn how to organize ourselves and how to work together while supporting small farmers locally and globally.

We have most of the critical elements of a dynamic, resilient model of political and economic democracy within our grasp. We need to organize citizen-consumers in each of our countries to build a new type of alternative trade organization which creates a powerful model of trade and directly supports small farmers in Nicaragua, Peru, India, and in our home societies as well.





# REGARDLESS OF OWNERSHIP, HOW DOES IT FEEL TO BE PART OF THIS ECO-SYSTEM?

Contributor: **Senga Gall**, Equal Exchange UK

**EE** UK and EEUS are well connected. Since our huge changes back in 2012 we've gradually been building relationships, integration and co-operation at many different levels. As things stand today we feel very engaged with EEUS. Not only are we now walking down the worker-owner track but we also speak with multiple people in various departments weekly and join in group activities where appropriate.

Where we need to do better is in our relationships with La Siembra and Oké which are just as important for a healthy eco-system but unfortunately wilting through lack of attention. Very recently Kelly, Nicole and I have been meeting monthly to share experiences and discuss this very topic. Besides these meetings the three organisations have zero relationship. How can we improve this so that everyone feels like part of something?

When the eco-system emerged, we felt 100% sure that by combining our efforts we could make gains. Be that in solidarity, in margin, in product development, wherever... but how far have we actually come as a quartet? One of our goals was to have active collaborative projects between the organisations. Yes, we have individual projects with EEUS but not between the other three. Of course, things have happened that have knocked us off-course, a global pandemic was never forecast, but we have to keep giving the eco-system oxygen or it will not develop.

We continue to have energy and enthusiasm for this and look forward to future developments.

## 2020

Without repeating the context we were operating in, which I am sure will have been dealt with elsewhere in this report, here are a few of our highlights and lowlights from 2020:



- Sales grew by 35% against 2019. A phenomenal result given the challenging circumstances.
- Profitability continued with pre-tax profits of £58792 (\$80604 USD)
- Developments in other areas faltered due to the energy it took to deal with such rapid sales growth.
- Online customers had a very successful 2020 whereas some of our more traditional wholesalers struggled with their cafes and smaller shops having to close or reduce footfall.





# STRENGTH AND SUSTAINABILITY THROUGH MUTUAL CO-OPERATION

Contributor: **Kelly Storie**, La Siembra Co-operative

Under the Camino brand, La Siembra helped pioneer the fair trade movement in Canada as one of the first importers of certified fair trade and organic cocoa and sugar into the North American market. Over the last 20 years La Siembra has sustained a strong commitment to building volume and markets for small-scale producers through fair pricing and economic cooperation, in spite of its financial losses over the years. They did this because of the underlying belief that consumers will ultimately support a brand that is building an authentic alternative trading model.

Between 2003 – 2010, La Siembra invested heavily in its market share, growing top line revenues from \$500K to over \$6M annually. In 2012, a well-intentioned but poorly-executed product launch resulted in an inventory write off of over \$450,000 CAD that left the co-operative technically insolvent.

By 2014, the co-operative had daunting cash flow challenges and was carrying a \$1.8M deficit. High-cost, US-denominated debt had been over-leveraged and a lack of internal controls resulting in board/management tension made the co-op ripe for demutualization. The only value remaining resided in the shelf space, and the strong brand cache and social capital that had been built when the fair trade mission – not growth – was the focus of the business.

In 2015, La Siembra's worker-owners made a decision to forego an asset sale to a private equity firm that would have sold out the heart and soul of its fair trade mission and instead entered into a co-operative MOU with Equal Exchange with a rescue package of up to \$400,000 intended to stabilize the business and protect worker democracy. While the relationship with Equal Exchange had waned over the years, the two organizations believed that there was enough trust and

a commitment to remaining authentic fair trade actors to set out a path or a blueprint for integration between the two co-ops and potentially a solidarity-based eco-system.

Six years into the MOU with Equal Exchange, La Siembra has made significant progress in turning around its operations. La Siembra refocused its efforts on supply chain development and producer relationships, building small teams in chocolate, sugar and coffee to bring volume and improve quality and market share. Co-operation and cross training in sales, marketing, production and purchasing has helped support professional development opportunities for La Siembra's worker-owners, and there has been bi-lateral support on the management and governance side of the co-operative, allowing for greater focus on capacity building and sustainable growth. In 2020, La Siembra's revenues were over \$10M and the co-operative has been able to generate consecutive years of operational profitability as a democratic worker-owned business.



**Kevin Thomson,**  
Founder, Co-ED  
La Siembra Co-operative

This has allowed La Siembra's members to make a strong contribution to strengthening the ecosystem and its ATO mission, including engaging and learning from their peers in other sister ATOs, while building a pipeline of support, relationships and solidarity found within this unique fair trade model which brings workers, farmers and citizen consumers together to change the terms of international trade.





# DEMONSTRATING A MORE EQUITABLE, DEMOCRATIC AND SUSTAINABLE WORLD

Contributor: Nicole Vitello, Oke USA Fruit

At the end of 2008, Oke was at a crossroads and Equal Exchange worker-owners voted to inject \$450K into the business to become 45% owners, launching an EE-branded banana into the marketplace. Oke had a negative balance sheet and retained earnings with yearly banana sales of \$3-\$4M. Oke was the first investment in the idea of an Equal Exchange ecosystem. In 2011, Agrofair relinquished their 45% ownership share in Oke and Equal Exchange became 90% owner. These 2 moves were risky for Equal. The initial \$450K could have evaporated at the rate Oke was going and taking on 90% ownership and consolidating the 2 organizations' financials put Oke's medium term financial risk squarely onto Equal's balance sheet. 10 years later at the end of 2020, Oke's combined banana and avocado sales totaled \$16.1M. Consecutive years of sustained double-digit growth and single-digit profitability have resulted in a solid balance sheet and positive retained earnings, not to mention significant money paid to small farmer cooperatives for fruit and in fair trade premium dollars.

Oke's success as part of the continued growth of organic produce and fresh departments has helped the Equal brand sustain energy at store and distributor levels, serving to expand the small-farmer fair trade Equal message and model to a different consumer and producer base. Oke's success has contributed to Equal's servings and impact goals and overall mission.

Oke is first and foremost a produce company, running on slim margins and low overhead. Supply chain and perishable risk promotes nimble, adaptable operations. Fast supply chain and sales growth means translating risk into innovation and systems. Rapid organizational growth means embracing the concept

of being a learning organization in a constant state of change and adaptation of policies and structures. Oke benefits from the experience and stability of Equal Exchange and by proxy Equal benefits from Oke's energy and risk taking produce mentality and lean operational structure.



Oke gains from the experience of La Siembra and EE UK and can relate to the scale, scope and trajectory of those sister organizations, and can share in the rigors of leadership and management development. There is real work to do to engage and commit to the vision of the eco-system in concrete ways but there is a synergy in the eco-system. Oke, La Siembra, EE UK and Equal Exchange all gain by being distinct but interconnected organizations "building long-term trade partnerships that are economically just and environmentally sound, fostering mutually beneficial relationships between farmers and consumers and demonstrating through our success the contributions of worker-owned coops and fair trade to a more equitable, democratic and sustainable world."





# ECO-SYSTEM SERVINGS SOLD IN 2020



Coffee Servings  
**117,420,457**



Chocolate Servings  
**35,312,389**



Hot Cocoa Servings  
**33,117,620**



Tea Servings  
**25,616,900**



Produce Servings  
**23,401,831**



Sugar Servings  
**7,787,102**



Nut & Oil Servings  
**5,099,437**

Total Small-Farmer  
Commodity Servings  
**247,755,735**

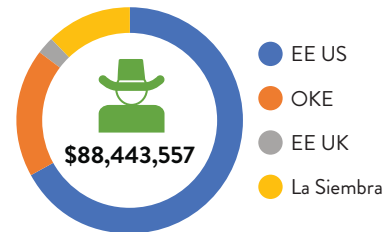






# CONSOLIDATED STATEMENT OF EARNINGS

## Global Sales of Small-Farmer Commodities

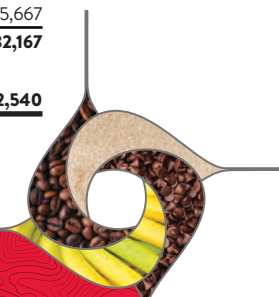


### Consolidated Statement of Financial Earnings

	Equal Exchange, Inc.	Oke USA Fruit Company	EE Wholesale UK Ltd	Consolidated Entries	La Siembra Co-op	Grand Total
Net Sales (Other Income)	59,403,557	16,159,052	2,104,218		10,776,750	88,443,577
Cost of Sales	41,234,667	14,704,802	1,802,770		7,320,175	65,062,414
Gross Profit	18,168,890	1,454,250	301,448	0	3,456,575	23,381,163
Operating Expenses	16,389,040	983,428	226,319		2,565,218	20,164,005
Earnings from Operations	1,779,850	470,822	75,129	0	891,357	3,217,158
Other Income (Expenses)				325,097		325,097
Income Taxes	397,000	174,030	14,270		45,342	630,642
Earnings Before Minority Interest	951,824	281,127	65,055	325,97	476,544	1,449,453
Minority Interest in Earnings of Consolidated Subsidiaries				21,085		21,085
<b>Net Earnings</b>	<b>951,824</b>	<b>281,127</b>	<b>65,055</b>	<b>346,182</b>	<b>476,544</b>	<b>1,428,368</b>

### Consolidated Statement of Financial Position

	Equal Exchange, Inc.	Oke USA Fruit Company	EE Wholesale UK Ltd	Consolidated Entries	La Siembra Co-op	Grand Total
<b>Assets</b>						
Current Assets	33,443,999	2,570,794	800,242	0	4,174,658	40,989,693
Capital Assets	6,894,805	111,450	0	0	268,729	7,274,984
Other Assets and Investments	2,656,568		0	2,078,705	0	577,863
Other Consolidating Entries				250,000		250,000
<b>Total Assets</b>	<b>42,995,372</b>	<b>2,682,244</b>	<b>800,242</b>	<b>2,328,705</b>	<b>4,443,387</b>	<b>48,592,540</b>
<b>Liabilities and Stockholders' Equity</b>						
Current Liabilities	8,918,604	879,048	248,596		2,565,569	12,611,817
Other Consolidating Entries	0		91,075	225,938		134,863
Term Loans Payable	7,718,166	99,842	320,220	320,220	665,411	8,483,419
Deferred Income Tax Payable	1,000,000					1,000,000
<b>Total Liabilities</b>	<b>17,636,770</b>	<b>978,890</b>	<b>659,891</b>	<b>546,158</b>	<b>3,230,980</b>	<b>21,960,373</b>
<b>Members Equity</b>						
Preferred Stock	17,265,497	782,639	0	630,406	1,575,429	18,993,159
Common Stock (Members)	456,359	0	0	91,075	108,057	473,341
Retained Earnings	7,636,746	920,715	140,351	1,061,066	471,079	7,165,667
<b>Stockholders Equity</b>	<b>25,358,602</b>	<b>1,703,354</b>	<b>140,351</b>	<b>1,782,547</b>	<b>1,212,407</b>	<b>26,632,167</b>
<b>Total Liabilities &amp; Equity</b>	<b>42,995,372</b>	<b>2,682,244</b>	<b>800,242</b>	<b>2,328,705</b>	<b>4,443,387</b>	<b>48,592,540</b>





# CITIZEN- CONSUMERS: BUILDING THE ALTERNATIVE TRADE ECONOMY

With your support, Equal Exchange has built an alternative trade system in solidarity with small farmers and consumers. This system has helped small farmers gain a meaningful seat at the table while affording them more economic power, better lives, and healthier communities. Equal Exchange has had the opportunity to work with producer groups as they struggle and succeed and because of that we understand that radical economics are challenging but they can work. We've proven that there is a viable alternative to the for-profit winner-take-all system.

And yet, our mission is more threatened today than it was 10 years ago. Climate change is wreaking havoc on our farmer partners. Corporate digestion of fair trade has both reduced the power of small farmers and demoralized shoppers in the U.S. as the food system continues to consolidate around us. It is time to organize!

To realize our alternative trade vision, we are taking a powerful step to deepen our democratic model that connects all parts of the supply chain; small farmers,

Equal Exchange worker-owners, and supporters like you. We cannot succeed in transforming the food system and building our alternative trade economy without the active, deep and committed participation of citizenconsumers.

Join our community of Equal Exchange citizen-consumers <https://equalexchange.coop/apply>





# THE CREATION OF E.E. McGEE

As recounted by the troubadours of  
La Siembra Co-operative

Setting:

*It's a frigid and stormy May night in Ottawa, Canada. Patrons are sitting in a smoky old tavern; most having a stiff drink or two to warm their innards. The door suddenly swings open, carrying in a strong blast of wind and snow. All conversation stops and patrons' attention is turned to this breach of their cozy indoor sanctuary.*

*In from the outside steps a mysterious figure, bundled up in layers upon layers of thick purple, blue, and gold fabric. The stranger is of medium height, medium build, with face wrapped up in so many scarves that you cannot even tell if it is a man or a woman. The stranger speaks with a voice neither high nor low, neither masculine nor feminine.*

“They call me the planter” the person announces, with an accent that can be described only as ‘Southern-U.S.-for-poetic-effect’”.

The stranger continues:

“Now gather round friends, I’ve got something to share  
If you make me some room at your table  
It’s a soul-warming story, worth the time that you spare  
Besides, who doesn’t like a good fable?”

“Now this tale is more unique, than most you will read  
Not a story you’ll see on the news  
No you won’t hear ‘bout this on Fox, CNN, NBC...  
Because, friends, this story is true

“It was a night just like this, 20 years ago  
States-side, ‘bout 10 hours from here  
Well, it was a bit warmer, with a little less snow...  
But I’m sure that you get the idea

“On this fourth day of May a vision was born  
Based on a notion easy to understand:  
That commerce don’t have to be viewed with the scorn  
Yes trade can benefit all the land

“Well the notion that trade can be conducted with grace  
To some was completely deranged!  
But these visionaries didn’t stop  
Nope, they formed a co-op  
And they named themselves Equal Exchange

“Now E.E. chose java as their primary cargo  
To make their whole business plan jive  
And they fought through floods and even trade embargos  
‘Till their mission began to thrive

“They brought on new folks and slowly moved forth  
They took hold of that business, and ran it!  
And they worked with partners, in the South and the North  
To help build a sustainable planet

“As their co-op did grow, and even make some dough  
Jealous eyes began to wander  
‘Well gosh golly gee, what’s in this for me?  
Some big boys began to ponder

“So big business grabbed hold, of this Fair Trade thing  
– cynics might call their motives impure –  
But E.E. didn’t waver, they continued to bring  
Mission integrity... TRUE and SURE

“While it’s easy to take a cynical twist  
And just view all those big boys as liars  
The soul-warming part of the story is this:  
It’s the good things that E.E. inspires

“They have held themselves up – as a leading example  
Of how business can be run right  
And have shown themselves willing –  
to give help, good & ample  
To those who share in their sight

“And I’m one of those, who’s been lucky enough  
To cross paths with this organization  
Together we’ve worked, promoting good stuff  
Like Fair Trade and co-operation

“So the reason I’m here, at this hour so late  
And spouting off words that sound strange  
Is simply to say: thanks for being so great  
In short – YOU ROCK EQUAL EXCHANGE!!!”

*Happy 20<sup>th</sup> Birthday Equal Exchange  
Love all of the planters up here at  
La Siembra Co-operative*



## The Cooperative Cavendish

~A poem to Equal Exchange from Oké USA~

By Joe Riemann

When this all began, quite a hill to climb  
Just blinking eyes, and barely a dime  
Jordan was keeping this ship afloat  
Worker-owners changed the course, with a single vote  
Yellow fruit is what – we truly bought  
A lemon is what – a few of us thought  
Customs and bugs creating delay  
Even high temps, causing decay  
Honesty, justice, quality fruit  
No fancy luncheons, no high-priced suit  
No hired gunmen, no chemical spray  
Yes we're taking down Dole, the old-fashioned way  
All 52 weeks, all 9–60 cases  
We're again reaching out, to our co-op bases  
Through work and trust, we've made it through  
Our first year in the black, thanks to all of you  
More work ahead, more headaches to bare  
We'll keep pushing ahead, 'cause we know you care  
Thank you so much all of Equal Exchange  
With every banana – Small Farmers, Big Change.

