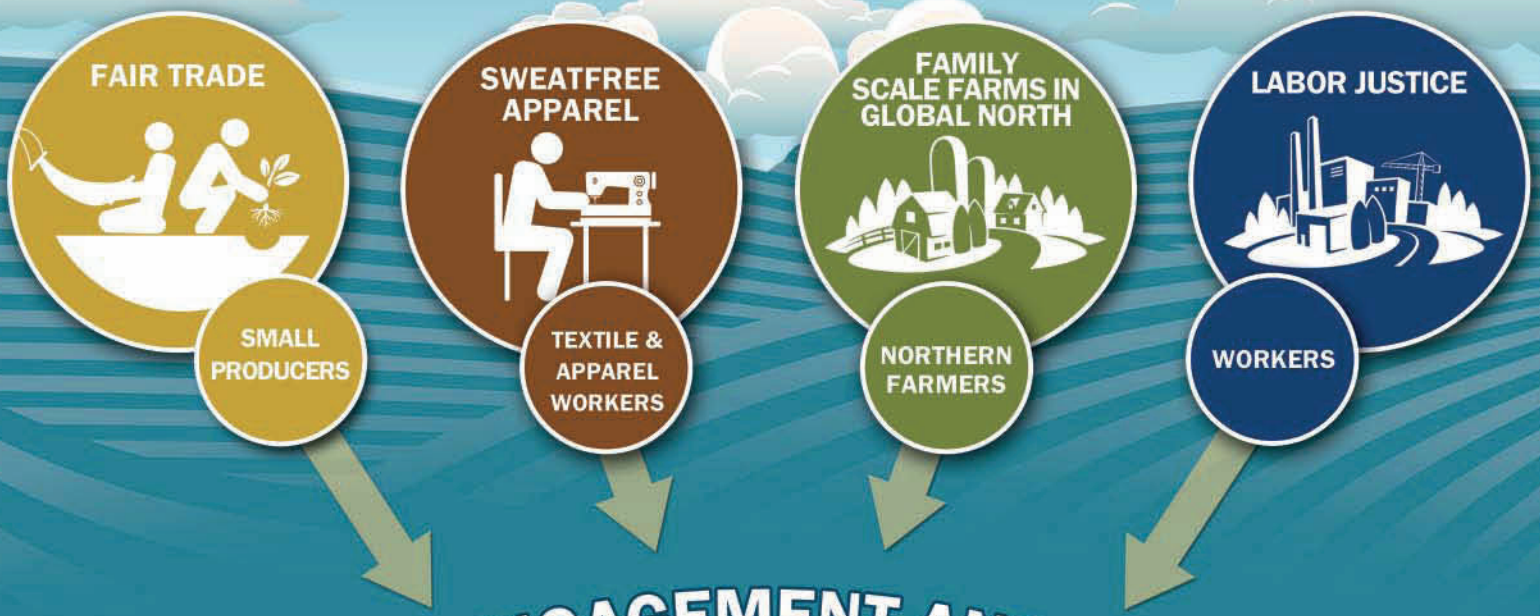
ISSUES & CHALLENGES IN FAIR TRADE ISSUE 5 FALL 2012

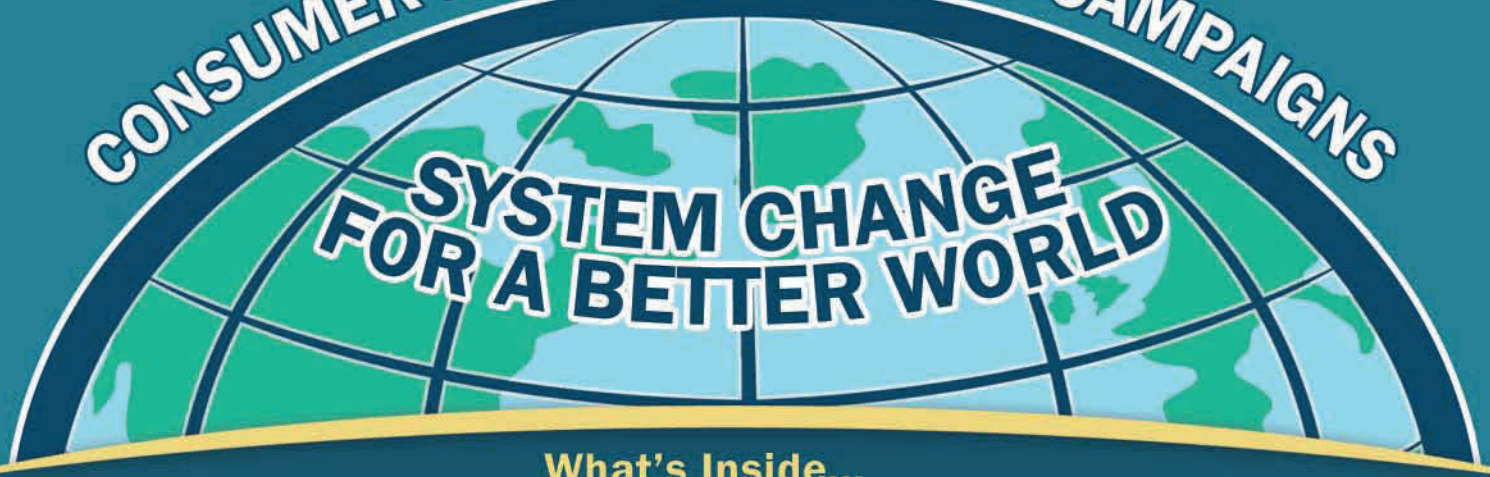
FOR A BETTER WORLD

Free Publication

FAIR WORLD PROJECT'S JUST ECONOMY



CONSUMER ENGAGEMENT AND CAMPAIGNS



FAIR WORLD PROJECT

www.fairworldproject.org

What's Inside...

JUST ECONOMY INTRODUCTION

The Global Economic System is rife with abuse and injustice. Most of the people that grow, process and produce our food and apparel suffer poverty wages, unsafe work conditions and other rights violations. The Fair World Project (FWP) supports diverse mechanisms and pathways to justice in the marketplace. While not a panacea, these mechanisms provide concrete opportunities for consumers to support products that reflect their values, educate others, and provide a lifeline to farmers, workers and artisans, while we simultaneously work in conjunction to improve the global system that impacts us all.

The food and apparel economies are extremely varied and often complex, and reforming and transforming them requires different approaches. Visit our Just Economy Interactive Tool online to learn more about the different approaches: www.fairworldproject.org/justeconomy.

Four programs -- Fair Trade, SweatFree Apparel, Family Farm, and Labor Justice -- support broader movements for systemic change in our food and apparel systems, which aim to transform an unjust economic system. Together, they drive a larger movement for justice and sustainability.

FAIR TRADE

Small-scale farmers in the Global South not only form the backbone of our global food system, but according to the United Nations Special Rapporteur on the Right to Food, small farmers hold the key to doubling food production while mitigating climate change and alleviating rural poverty. Fair trade provides an important tool to keeping small farmers on their family's land by providing access to ethical markets, that ensure fair prices without child or otherwise exploitative labor conditions.

Artisans in the Global South have been designing and crafting products for over 60 years to financially support their families and create a pathway to people centered development in their communities. Fair trade artisans and farmers are often part of the same families and communities, mutually supporting each other. Unlike agriculture products, fair trade crafts are not certified by 3rd party agencies.

SWEATFREE APPAREL

The apparel industry has a long history of widespread abuses from top to bottom. Sweatfree Communities defines a sweatshop as a "workplace where workers face very poor conditions, including poverty wages, exceedingly long hours, unsafe and unsanitary environments, harassment and discrimination. Sweatshops offer employees few benefits, and frequently fire workers for involvement in unions and in the event of pregnancy or injury." Years of organizing by apparel workers, students and other allies have propelled the plight of apparel workers to the forefront of ethical consumer awareness, and provided such consumers, universities and government institutions sweatfree apparel alternatives.

FAMILY FARM MOVEMENT IN GLOBAL NORTH

Family-scale farmers in the Global North, including North America and Western Europe, face numerous challenges from corporate agribusiness, unfair domestic policies and so-called "free trade agreements." Maintaining family farmers' livelihoods is essential to national food security, rural community development and a safe and nutritious food system. Holding government agencies accountable, enacting fair trade policy and purchasing products from certified farmers contribute to efforts to support family farmers.

LABOR JUSTICE

According to the Food Chain Workers Alliance, over 20 million people work in the food system in the U.S., and millions more around the world toil in the food sector. These workers are among the most exploited and poorest in the world, planting, harvesting, processing, packing, transporting, preparing, serving, and selling food. Labor justice efforts include supporting farmworkers both at home and abroad and strengthens food workers' ability to organize by transforming both institutions and markets to provide livable wages and safe and equitable workplaces. A number of initiatives are emerging to advance the rights of workers in the food chain.

POLICY AND CAMPAIGN WORK

FWP is an advocacy organization focused on advancing a Global Just Economy by educating and activating consumers in partnership and support of small farmers, artisans and workers, at home and abroad. Through marketplace campaigns and policy advocacy, FWP aims to transform the global economic system in favor of disadvantaged and vulnerable communities.

SYSTEM CHANGE FOR A BETTER WORLD

Our vision is of a just global economy where humans are treated justly and with dignity, where the environment is respected and nourished, where commerce fosters sustainable communities and a global society based upon cooperation and solidarity. We envision an economic culture in which values, defends and supports the contributions of farmers, workers and artisans. To achieve this, FWP educates, advocates and agitates at home and abroad.

TO LEARN MORE ABOUT FWP'S JUST ECONOMY VISIT WWW.FAIRWORLDPROJECT.ORG/JUSTECONOMY TO VIEW OUR JUST ECONOMY INTERACTIVE MAP

Contributors in this Issue

Rudi Dalvai
Rudi Dalvai, an Italian born economist, started his Fair Trade tenure in 1985 as a founding member of the World Shop in Italy. He was managing director of EZA (Austrian FTO), and helped start EFTA (European Fair Trade association) and IFAT (now WFTO). He co-founded Ctm-Altromercato (first Italian FTO), helped start TransFair Italy, is a member of the "Coffee Register Committee" of FLO, and is past and current President of WFTO.

Peter Dreier
Peter Dreier, is the E.P. Clapp Distinguished Professor of Politics at Occidental College, chair of its Urban & Environmental Policy Department, and author of The 100 Greatest Americans of the 20th Century: A Social Justice Hall of Fame, which Nation Books is publishing in June.

Erin Gorman
Erin Gorman is the founding CEO of Divine Chocolate's USA operating company. She joined Divine because bringing cocoa farmers and chocolate lovers together to make the chocolate industry better was a simply irresistible idea. She is mom to a very active two year old and lives in DC.

Robert Hardy
Rob Hardy combines an educational background in agriculture and ecological agriculture with extensive farming experience in the UK and developing countries. In recent years he has been responsible for quality management for organic/ fair-trade certification for two smallholder projects in India and Kenya. He now plays a key role in developing Dr. Bronner's supply chains for organic/fair-trade products.

Gero Leson
As Dr. Bronner's Director of Special Operations, Gero Leson coordinated the conversion of their raw material supply to certified fair trade and organic sources. This included setting up farmer groups and oil mills in Sri Lanka and Ghana. His background in physics and environmental science/engineering helped find solutions to technical, environmental, economic and management problems

Safianu Moro
Safianu Moro manages the fair trade / organic (FTO) Internal Control System of the Serendipalm project. He holds a BSc in Agriculture and MPhil in Agricultural Extension Services from the University of Ghana, Legon. The cooperation amongst supply chain members and the development potential of FTO projects drives him to contribute his efforts to a production system that is socially responsible and environmentally sustainable.

Table of Contents

Phyllis Robinson
Phyllis Robinson is the Education and Campaigns Manager at Equal Exchange, a worker-owned Fair Trade co-operative selling coffee, tea, chocolate and bananas from small farmer co-operatives throughout Latin America, Africa and Asia. She began working at Equal Exchange eight years ago as the Producer Relations Coordinator and is now co-leading a new initiative, Principle Six Co-operative Trade Movement.

Michael Sligh
Michael Sligh has farmed organically since early 1970's and is the Program Director for (RAFI-USA). He was the founding Chair of the USDA/National Organic Standards Board, which established US organic standards. He is a founder of the Domestic Fair Trade Association and Agricultural Justice Project, which is launching domestic fair-trade standards for North America, (www.agriculturaljusticeproject.org)

Meg Wilcox
Meg Wilcox is a writer at Root Capital. Previously, she worked as a senior communications manager at Ceres. She has also worked as a freelance journalist and communications consultant to organizations including Grassroots International. She holds a M.Sc. in environmental health from the Harvard School of Public Health.

Ryan Zinn
Ryan Zinn is the Fair World Project Campaign Director. Ryan has worked in the food justice movement since 1996 at home and abroad. His work has taken him throughout Latin American while working for the Center for International Law, Friends of the Earth-Paraguay, Global Exchange and the Organic Consumers Association.

Additional Contributors: Cosmic Egg Studios

COSMIC EGG STUDIOS cosmicegg.com

Cosmic Egg Studios is an eco-friendly design firm that services many of the like-minded companies in this industry.

Letter from the Director

This issue's cover featuring FWP's Just Economy map shows the important groups striving to create a just economy: small scale artisan and farmer groups in the developing world seeking fairness in trade; workers in the global apparel industry organizing for better wages and working conditions; and farmers and agricultural workers in the North and South seeking economic fairness at home. All social movements are unique, with specific goals and strategies, each contributing to a world of justice and equity. A key challenge to the movement for economic fairness and justice will be to develop collaborative strategies to ensure that small producers and agricultural workers' have market solidarity opportunities that are mutually supportive and not counter productive.

In this issue, Rudi Dalvai, WFTO's President, discusses in his article "Metamorphosis of the Fair Trade Movement" how fair trade has changed from a small producer driven movement to a consumer driven market. This metamorphosis of the fair trade movement is in danger of putting small producers at a disadvantage if we do not move forward with careful intention. Fair trade was created by and for small producers in the Global South in order to build a more just system of trade and help to eliminate poverty in the poorest communities in the world. Fair trade was envisioned as an important way to combat corporate globalization that prioritizes profits over people. Fair trade supports not only the survival of small rural farming communities in the Global South, but is an important vehicle for educating and activating consumers to take action beyond the checkout stand. Small farmers are more than romantic visions of a rural utopia; small farmers are the backbone of the global food supply, guardians of biodiversity and key players in advancing democratic communities.

As we know, there are deplorable and exploitative working conditions for workers in every sector and step of the food chain. FWP supports efforts and campaigns that advocate for agricultural workers at home and abroad. FWP is working with labor unions, farmworker associations and the Domestic Fair Trade Association to explore and develop strategies to best support workers. FWP is also launching a campaign this fall to promote Alta Gracia, a living wage, union apparel company, on college campuses across the country.

Farmers, artisans, consumers and other stakeholders are in danger of becoming confused as the fair trade movement evolves through its growing pains. Consumers especially are in need of deeper education regarding the true aims and history of fair trade, and the transformational impacts that fair trade can engender. Too often, consumers are simply told to just "Look for the Label" without going further beyond passive consumption. Civil society needs to have an informed robust discussion about the complexities of fair trade, trade policy reform and market power dynamics in order to truly shift to a just global economy.

To a day when all trade is fair,

Dana Geffner

Dana Geffner
Executive Director

Distribute Fair World Project's For A Better World

"For a Better World" is a free semi-annual publication that features articles from a variety of perspectives, including farmers, farm workers, consumers and committed fair trade brands. FWP helps consumers decipher fair trade certification schemes and is an excellent educational resource. Distribute "For a Better World" for free at your business or organization. Order now by visiting our website at: **www.fairworldproject.org**

Letter to the Editor

Tell Us What You Think. We would like to hear your thoughts. Send letters to: Fair World Project - PO Box 42322, Portland, OR 97242 or email comments to editor@fairworldproject.org. Include your full name, address, daytime phone and email. The editorial team may shorten and edit correspondence for clarity.

Mission:
Fair World Project (FWP) promotes organic and fair trade practices and transparent third-party certification of producers, manufacturers and products, both here and abroad. Through consumer education and advocacy, FWP supports dedicated fair trade producers and brands and insists on integrity in use of the term "fair trade" in certification, labeling and marketing.

Why FWP Exists:

- Conscious consumers armed with informed purchasing power can create positive change and promote economic justice, sustainable development and meaningful exchange between global South and North
- The Organic movement, with the advent of federal regulations, has lost sight of the social criteria of fair prices, wages and working conditions.
- Family farmers and farmworkers in the developing world are often impoverished by unfair volatile prices, wages and working conditions.
- North American and European family farmers and farmworkers face similar challenges, and thus we need to bring fair trade criteria home with "Domestic Fair Trade."
- Existing certifiers and membership organizations vary in their criteria and philosophy for the qualification of products and brands for designation as "fair trade." FWP will work to keep the term "fair trade" from being abused and diluted.
- FWP cuts through politics in the world of fair trade in order to catalyze the rapid expansion of the universe of fair trade products, in particular promoting certification to rigorous standards that give consideration to the local context of a project.

The Fair Trade Movement:
The fair trade movement that FWP is part of shares a vision of a world in which justice and sustainable development are at the heart of trade structures and practices, both at home and abroad, so that everyone through their work can maintain a decent and dignified livelihood.

For more Information on Fair World Project please visit www.fairworldproject.org

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Fair Trade Timeline

Contributed by the Fair Trade Resource Network (www.ftrn.org)

1946 — Edna Ruth Byler imports needlecrafts from low-income women in Puerto Rico, and displaced people in Europe, laying the groundwork for Ten Thousand Villages, North America's first fair trade organization

1948 — Church of the Brethren establishes SERRV, North America's second fair trade organization, to import wooden clocks from German refugees of WWII

1968 — United Nations Conference on Aid and Development (UNCTAD) embraces "Trade not Aid" concept, bringing fair trade into development policy

1969 — Oxfam and other European humanitarian organizations open the first World Shop in the Netherlands to sell crafts, build awareness and campaign for trade reform

1972 — Ten Thousand Villages opens their store, the first fair trade retail outlet in North America

1986 — Equal Exchange is established as the first fair trade cooperative in North America, importing coffee from Nicaragua as a way to make a political statement with a high-quality, household item

1988 — Farmers and activists launch the first fair trade certification system, Max Havelaar, in the Netherlands to offer third-party recognition and a label for fair trade products

1989 — International Fair Trade Association (IFAT), now WFTO, is established by trade pioneers as the f global fair trade netwo

1994 — Fa fo of in

News in Brief

For more FWP News:
www.fairworldproject.org/newsroundup

Equal Exchange Challenges Green Mountain Coffee on the Future of Fair Trade

In a rare business-to-business plea Equal Exchange released an open letter to Larry Blanford, the CEO of fellow New England specialty coffee company, Green Mountain Coffee Roasters (GMCR) in the form of a full-page color ad in the Burlington Free Press (Vermont), encouraging the multi-billion dollar brand to withdraw its support from the controversial certification agency, Fair Trade USA (FTUSA).

GMCR, based in Waterbury, VT, was itself an 'early adopter' and has been offering Fair Trade coffee for 14 years. To their considerable credit GMCR recently became the world's largest purveyor of Fair Trade Certified™ coffee, handling more than 26,000,000 pounds of Fair Trade coffee annually. They have also donated generously to support various economic development efforts in coffee growing communities. However, while acknowledging these accomplishments, in the ad, Equal Exchange challenges GMCR to "open your eyes…to the controversy raging…" and "leave Fair Trade USA" in light of recent unilateral changes enacted by the agency.

Read Equal Exchange's press release here: www.fairworldproject.org/news/single/516

Fairtrade International (FLO) Establishes Organization in the United States

In the wake of the FLO/Fair Trade USA split last year, FLO has established an US office to promote fair trade and certify FLO fair trade products in the United States. To date, several high profile fair trade companies, like Divine Chocolate and Wholesome Sweetners, have committed to the FLO system. Consumers can expect to see the FLO symbol on fair trade products on shelves this fall.

North American Fair Trade Council Open Letter to FTUSA

In a June 15th letter, dozens of fair trade producer organizations, traders and organizations called upon Fair Trade USA to establish an inclusive and transparent governance structure and to stop plans to expand fair trade certification to coffee plantations. Since June 15th, over 250 organizations and individuals have signed on to the open letter to FTUSA.

Read the complete letter here:
www.fairworldproject.org/news/single/542

FWP World Fair Trade Day Sweepstakes Winner Announced!

World Fair Trade Day (WFTD) 2012 was a rousing success. FWP, with dedicated fair trade brands Alaffia, Alter Eco, Dr. Bronner's Magic Soaps, Guayaki, Equal Exchange, and Maggie's Organics, sponsored over 600 WFTD events. In collaboration with Intrepid Travel, FWP hosted a fair trade vacation sweepstakes, with over 7500 applicants. Anne C. from New Jersey won the sweepstakes and will be traveling to Sri Lanka this November with her husband .

Congratulations Anne!

FWP and United Students for Fair Trade (USFT) Join Forces

USFT has joined FWP as a special campaign to catalyze university students for fair trade and social justice. FWP and USFT have collaborated over the course of the past year, promoting Alta Gracia clothing through university campaigns, as well as fair trade outreach and education efforts on college campuses. Looking forward, FWP and USFT will jointly advocate for small farmers, workers and artisans, as well as in favor of fair trade policies and economic justice. "Students have played a critical role in the North American Fair Trade movement over the course of the last decade, advancing the cause of small farmers, workers and artisans, while holding corporations accountable. Partnering with FWP will further USFT's mission, bringing fair trade to more students and campuses," said USFT National Coordinator, Maria Louzon.

Read more: www.fairworldproject.org/news/single/522

Cincinnati Food Hub: A Model for Union and Cooperative Collaboration

Many communities in the United States today face severe unemployment and poor access to healthy, local food. An innovative approach to addressing sustainable green jobs and local food systems is being launched in Cincinnati by the United Steel Workers Union, United Food and Commercial Workers, Mondragon cooperative organizations from Spain, the Center for Community Change, with local activists and academics, who are joining forces to establish a food hub in Cincinnati, Ohio. According to the USDA, a food hub is "a centrally located facility with a business management structure facilitating the aggregation, storage, processing, distribution, and/or marketing of locally/regionally produced food." This novel approach prioritizes both fair work conditions with healthy and sustainable food systems.

Learn more: www.fairworldproject.org/news/single/524

Contributing Writer

Peter Dreier

Alta Gracia: Showing the World What is Possible

Human Rights Activists Support Sweatshop-Free Factory

Aracelis "Kuky" Upia, a 39-year-old factory worker in the Dominican Republic, is participating in an experiment that, if successful, could help end sweatshops as a staple of the global economy.

A single mother of four, Upia has been sewing in factories since she was 15. For years she earned less than $50 a week. Some employers simply refused to pay her. At one point she was so deeply in debt, the local market stopped extending her credit.

Today Upia sews T-shirts for $3.02 an hour, a huge leap in income and nearly three times the country's minimum wage. She has paid off her loans and can shop again at the grocery store. She has purchased a refrigerator, plans to add rooms to her home to rent out for additional income and has paid for her son Nisael's long-postponed dental work. Her son Yacer is studying accounting at the university.

Upia was among the first workers hired by Alta Gracia, an apparel company named after the town where she has lived all her life and where the factory is based. Alta Gracia's T-shirts and sweatshirts are sold mainly at US colleges and universities at about the same prices as clothing made by Nike, Russell and other brands.

Beginning in the mid-1990s, students on American campuses used various forms of protest to pressure universities to adopt "codes of conduct" as a condition of allowing companies the rights to use their names, mascots and logos. But implementing these standards proved to be extremely difficult. College-bound goods are just a small fraction of the products made by the thousands of apparel factories around the world. Monitoring all these workplaces is impossible.

For years United Students Against Sweatshops (USAS) refused to support companies claiming to make "sweatshop-free" clothing, because they couldn't be sure the companies would keep their commitment. Today, however, USAS, as well as the Worker Rights Consortium (WRC), the independent labor rights watchdog founded in 2000 to help enforce the "codes of conduct," have embraced Alta Gracia as a model that proves socially responsible clothing production is not only possible; it's profitable.

Alta Gracia is the first apparel company in the college market to work closely with unionized employees and pay them a living wage. It is an unusual collaboration between student, labor, and human rights activists and Knights Apparel, the nation's leading producer of college clothing, which beats Nike and Adidas in dominating the $4 billion collegiate market.

The Worker Rights Consortium, a global network of in-country field representatives, monitors factory conditions in response to workers' complaints and publishes its reports online. Unlike other organizations that claim to certify and monitor factory conditions overseas, the WRC refuses to accept funding from any company – including Alta Gracia. This avoids the conflict-of-interest that can lead other organizations to favor management (who often pay the certifier fees) over workers. WRC views its role as holding companies accountable by shining the light of publicity on them. It operates on the basis that workers are the best source of information about the day-in day-out realities of their workplaces. WRC works closely with a network of human rights groups around the world who get information about working conditions directly from employees. This is much preferable to having corporate accounting firms and other business-oriented consultants parachute into countries to examine clothing factories, often after alerting management that they are on their way.

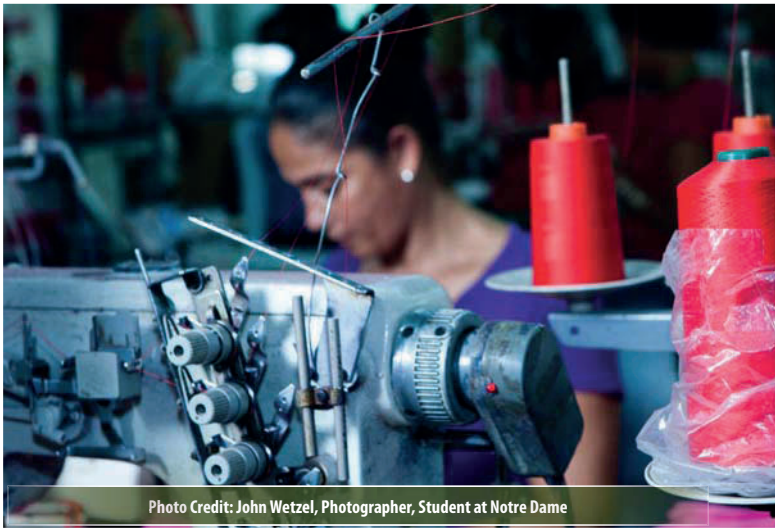
"Fairness is not a marketing label you can buy, slap on a product, and call it good"

"Fairness is not a marketing label you can buy, slap on a product, and call it good," explained Eliza Kopetchne, a sophomore at Northeastern University and an activist with the USAS affiliate on her campus. Kopetchne visited the Alta Gracia factory in January with a delegation led by Fair World Project. "Real fairness is a living, breathing power-dynamic -- an ongoing effort that is played out every day in the treatment of workers in a workplace. Consumers should support workers' own voices and aspirations for fairness rather than trusting companies to do so. This is why USAS has always stood beside democratic local unions."

Paralleled by pressure from USAS, WRC's investigations have forced many brands to improve conditions at some factories making clothing for the college market. USAS has achieved unprecedented victories with two of the largest companies -- Russell and Nike in 2009 and 2010 by pressuring their schools – and even retailers - to cut contracts with brands. This student-led boycott cost the corporations millions in sales until they came into compliance with the campus' codes of conduct.

This hard-won progress is promising. But it has not been easy. "This is an industry obsessed with pennies," says Scott Nova, WRC's executive director. "We've had tremendous resistance from the big labels."

USAS's victories in their campaigns against Russell and Nike demonstrated that college students were ready to throw their weight behind a living-wage union-made option in their purchases as well as their actions. If students would fight against brands that abused workers' rights, wouldn't they rally behind brands that respected them? That's how the idea for the Alta Gracia brand started.



Union leader Lucrecia sews Alta Gracia tees for Notre Dame, which sourced their main alumni and school pride tee from Alta Gracia this year.

Two key players were Joe Bozich, the CEO of Knights Apparel, and Donnie Hodge, the company president. "We started thinking that we wanted to do something more important with our business than worry just about winning market share," Bozich explained.

Student activists and labor experts began conversations with Knights executives about whether the economics of clothing production allowed for "the perfect factory," one that could produce well-made items in a safe workplace and pay workers decent wages and benefits. Worker abuse surfaces on factory floors, but it is rooted in the dynamics of the global apparel industry, in which so-called manufacturers -- in reality, design and marketing firms -- outsource the fabrication of clothing to independent contractors worldwide. In this labor-

intensive industry where capital requirements are minimal, it is relatively easy to open a clothing factory. This has led to a global race to the bottom: there is always someplace, somewhere, clothing can be made still more cheaply. Today more than 90 percent of the clothing in US retail stores is imported.

They elected a site in the Dominican Republican where a Korean-owned plant had once made clothing for Nike and Reebok. The company, BJ&B, had shut the factory down after its employees unionized. But its workers had forged ties with American activists, and USAS leaders convinced the Knights executives that students would encourage their peers to buy clothing produced there. In February 2010, after a $500,000 renovation based on recommendations with the Maquiladora Health and Safety Support Network, the Alta Gracia facility opened for business.

The new factory is far livelier than other nearby workplaces. Bachata music and workers' chatter are constant background noise. The factory has

Photo Credit: Photo by Morgan Currier, UW USAS student.

United Students Against Sweatshops and Sitralpro union leaders show their "Si Se Puede" power fists outside of the Alta Gracia factory.

good ventilation, plenty of windows, and overhead lighting help workers avoid eye-strain.

But the biggest difference, says Upia, are the chairs. In most Dominican sewing factories, workers sit on hard metal seats with no back support, leaning awkwardly to operate their sewing machines. "We would try to make cushions on the chairs from the scraps of leftover clothes," she recalls. "Your body would hurt all day." Soon after the Alta Gracia factory opened, the workers noticed some nice-looking office chairs being unloaded from a truck. "They must be for the managers," Upia thought. But they had been ordered for the workers, at a cost of about $50 a piece. "Now," says Upia, "I don't have the back pain anymore."

At Alta Gracia, workers have a union – a voice on the job. In the Free Trade Zones of the Dominican Republic and around the world, unions are often the only hope garment workers have of enforcing basic human rights at work – water breaks, bathroom breaks, not being fired for being pregnant, fighting back against sexual harassment and discrimination. While workers at Alta Gracia don't face these challenges, Sitralpro, Alta Gracia's independent union, serves as one more democratic check-and-balance on management. During its formation, the vote took place in front of the factory with no opposition from management. In fact, the company and the union jointly sponsor employee workshops, on company time, about workers' rights, conducted by the Dominican Labor Foundation. The union and management have a joint health and safety committee, and the union conducts vaccination programs, free financial management and English courses and HIV prevention workshops. The union and management meet regularly to discuss production, employee morale and potential improvements to the facility.

"Alta Gracia is the kind of workplace every worker dreams of," observes Maritza Vargas, a leader of Alta Gracia's union. She noted that both union and management at Alta Gracia are largely led by women – uncharacteristic in the Dominican Republic. "We're showing the world what is possible."

The survival of Alta Gracia will largely hinge on whether consumers are aware of the brand and its message. On many campuses efforts to promote it are in full swing. At the University of Maryland, students have circulated fliers reading, "Your sweatshirt can be a force for change in the world." Other campuses have held fashion shows of union-made clothing. USAS sponsored two Alta Gracia workers who toured fourteen campuses from North Carolina to Boston. At Yale the visit inspired a student petition to get the university to purchase Alta Gracia T-shirts to distribute to incoming freshmen, at alumni reunions and other special events.

President Jonathan Veitch of Occidental University shows off his Alta Gracia, which was brought to campus as a result of the student-run "Rock the Tag" campaign, student leaders Sarah Barton and Morgan Flake are pictured here.

Whether campus bookstores prominently display Alta Gracia apparel makes a big difference. Some managers are reluctant to promote the label, which competes with brands like Nike, which pay universities huge licensing fees for the right to use their names, logos and mascots on the clothing they produce, mostly in Asian sweatshops. But others, like Jim Wilkerson, who runs Duke University's twenty-seven campus stores, have championed the Alta Gracia brand with great success. At Duke's flagship store, Alta Gracia merchandise is prominently displayed and stocked, and a large flat-screen TV plays a video of smiling workers. Such efforts have paid off: since August 2010, Duke has sold more than $600,000 of Alta Gracia's clothing.

Attention University Students and Community Activists!

Want to bring Alta Gracia to your university or organization? Visit Fair World Project's Alta Gracia Campaign Center for all the details, including background information, multimedia resources and organizing materials. www.fairworldproject.org/altagracia

"A t-shirt is a t-shirt – except this one is made with dignified conditions for workers," says Maria Louzon, a University of Maryland student and national coordinator of United Students for Fair Trade. "It's your school's logo that makes a college tee cool."

"Unlike other apparel companies and certifications, Alta Gracia upholds a standard worthy of the term 'Fair Trade,'" Louzon elaborated. "That's why USFT has taken Alta Gracia on as one of our national priorities."

So far it's thriving. Large schools like the universities of Missouri, North Carolina, Washington and Wisconsin as well as NYU and UCLA carry sizeable orders of Alta Gracia. With great fanfare, students at Notre Dame selected Alta Gracia as "The Shirt" that fans, alumni, and students wear to the first football game of the year and whose sales proceeds are donated to charity.

If such success builds, says Bozich, "then we can take the next steps, including expanding outside college bookstores and selling our brand to other retailers."

Alta Gracia contracts with Ethix Merch, a distributor of socially responsible merchandise, to sell custom printed T-shirts to social justice groups, faith communities, workplaces, and others, so every-day consumers can join the effort outside the college arena.

Can the Alta Gracia label compete with Nike's swoosh? Are consumers willing to look for the Alta Gracia union label? If Alta Gracia can make profitable merchandise under humane conditions and sell it at competitive prices, it will challenge the basic race-to-the-bottom economics of the apparel industry and prove that conscientious consumers can have an impact on humanizing the forces of global capitalism.

"The only guarantee we have to keep this factory operating in our community and as a model for the industry is support from student and consumers in the US," says union leader Pablo Tolentino.

"The potential for change is limitless." says Duke University administrator Wilkerson. "We just have to keep it alive."

Contributing Writer
Rudi Dalvai

The Metamorphosis of Fair Trade

The Fair Trade movement began its journey five decades ago. The initial idea was to build trading partnerships between Fair Trade Organizations – 'FTOs' - in the USA and Europe and small-scale producer organizations in Africa, Asia and Latin America. The goal was to create development opportunities for marginalized producer communities, not through aid but by providing fair access to export markets – "TRADE NOT AID". Raising consumer-awareness in the North about the unjust and unfair practices and structures in international trade was and still is a second important goal for FTO's.

There is no doubt that a great deal has been achieved since the inception of the movement. Several thousand long-term trading-partnerships have been established between FTO's and small producer organizations. Consumers have become increasingly aware of unjust international trading structures and millions now routinely buy fair trade products. The guarantee for consumers that products were made and traded according to Fair Trade principles was provided by the positive image and credibility the FTO's had built through their transparency and the direct, personal and often voluntary involvement of many influential and idealistic people from various walks of life.

Until the 1980's, Fair Trade products were sold mainly in the niche market of "Fair Trade Shops" in the USA and Europe. The demand for Fair Trade products began to grow by leaps and bounds and it became evident that this simple idea had powerful potential for influencing consumer behaviour on a very large scale.

In the late 1980s, some Fair Trade activists in Holland decided to take Fair Trade products beyond the niche market of Fair Trade Shops to mainstream distribution channels. These channels and their consumers required proof of the Fair Trade claims. The logical consequence of this was that an independent guarantee body was required to certify or guarantee the Fair Trade credentials of the products. This fact and the goal to safeguard Fair Trade principles led to the creation of "Max Havelaar," the first Fair Trade certifier and guarantee label. Since then, more and more Fair Trade certifiers and labels emerged in the marketplace in the following two decades, some better some worse, which changed the contours of Fair Trade substantially.

A development tool becomes a marketing tool!

At the beginning, the ethical sensitivity of fair traders and consumers was "the driving force" through which self-development opportunities for small and marginalized producers had been created. Gradually the "ethical demand" by mainstream consumers assumed primacy. The difference is subtle and radical at the same time. Subtle enough not to be perceived as a risk by the FTOs and radical enough to change the nature of Fair Trade. A central role in this process was adopted by the Fair Trade labeling initiatives.

> Originally the aim was self-development of the producers, gradually the objective became guarantee against exploitation;
>
> Originally the excluded and marginalized communities were the final beneficiaries of fair trade; gradually the demand of the consumer became more and more important, almost to the point of being the main need to satisfy;
>
> Originally the concepts of partnership, direct contact, awareness-raising and equal exchange were the means; gradually the market, ethical standards setting and the certification bodies became the means.

The new form of fair trade is often oriented to develop and promote a particular certification label and to satisfy the "ethical demand" of the consumer, thus offering the kind of guarantee against the exploitation requested by the consumer. It's a new concept that is introduced to the market, but it is certainly different from the concept expressed by Fair Trade pioneers which is centered on the process of development and partnership with small and marginalized producers, not simply that they are free from exploitation.

This metamorphosis opened a Pandora's box...certain actors in the market place have launched cynical and self-aggrandizing campaigns aimed at altering the perceptions of consumers about Fair Trade by changing the definition and the original meaning of Fair Trade:

- New multi-ingredient food and personal care products are developed and introduced to market with a fair trade seal all too often with a low content of actual "Fair Trade" ingredients;
- Practically no criteria is applied to final brand holders in the West who use fair trade seals on a limited number of their products in order to improve their overall brand image at minimal cost. This is known as "fairwashing";
- The new guarantee mechanisms fit best with agricultural producers, leaving aside those handicraft producers that were at the origin of Fair Trade. The "new" Fair Trade has left handicraft producers aside;
- Last but not least, big producers and corporate plantations have entered as new suppliers of "fair trade" products with the inherent risk of again marginalizing small producers who are supposed to be the primary beneficiaries of fair trade as originally envisioned.

It should be emphasized that the first independent Fair Trade guarantee and labeling initiatives were mostly supported by the pioneering FTO's with their credibility and image. To a certain extent the primary aim of this support was to establish a commercial Fair Trade brand to boost the sales of dedicated Fair Trade products, rather than to establish 'guarantee' organizations. The quandary was that the substantial difference between "label" and "brand" was not fully understood, and that the label used as a "brand" was controlled and driven now by certifying organizations that were focused more on fair trade volume than fair trade integrity. The 'family silver' had been given away !

Soon after their birth, the labeling initiatives began to roll on their own without accountability to the larger Fair Trade movement, and started clashing with FTO's and small producer organizations; they were driven by economic growth and the demands

of the markets rather than by the political and ideological vision and values of Fair Trade.

Today, 20 years later, the same FTO's that have contributed to the birth and growth of the Fair Trade labeling initiatives and who make up the "heart and soul" of the fair trade movement, have recognized and started to address this challenge that had been overlooked in the beginning.

I would like to end this article with some concepts in which I believe.

"Traditional" Fair Trade and market-oriented Fair Trade, designated by the growing number of certification and labeling initiatives, are now two different realities. These may be seen as complementary concepts, both effective for the humanization of the economy if used consciously. If not used consciously they both risk to be eaten up by the practices of a profit- driven market economy.

The role of FTOs is and remains that of the principal actor of Fair Trade which supports small and marginalized producers by building up long-term trading partnerships, based on dialogue, transparency and respect. Also awareness-raising among consumers remains an important issue and being responsive to conscious consumers is a priority, while trying to reach the general consumer only if not against the original vision and mission of FTOs.

It is therefore very relevant and important for the FTOs to promote and highlight what we are and what we do, through the creation of our own common brand which is backed up by our own guarantee system. This is necessary in order to protect the credibility of our work and to commonly and effectively promote the image of traditional Fair Trade principles and values of FTOs.

It has to be acknowledged that Fair Trade certification and labeling initiatives are more and more oriented to the multi-national companies and to large distribution channels. This is fine as long as this is done in a transparent and truthful way.

It has to be acknowledged that Fair Trade certification and labelling initiatives are more and more oriented to the multi-national companies and to large distribution channels. This is fine as long as this is done in a transparent and truthful way.

As I don't want to reach a hasty conclusion, I restrain myself to the observation of the effects produced by the differences between the traditional philosophy of Fair Trade and the philosophy resulting from the metamorphosis of Fair Trade.

Fair Trade certification and labeling initiatives are proceeding in a "zig zag" way, trying to keep together both the traditional Fair Trade movement (the base they don't want to lose) and large commercial licensees, who are repeatedly trying to control and water down Fair Trade principles.

As a leading pioneer in the Fair Trade movement, I believe we should welcome the new Fair Trade which has resulted from the metamorphosis as a positive factor that, if well coordinated with the traditional Fair Trade, can represent a thrust towards the common objective: the humanization of the economy. It's important to remain in dialogue, or start dialogue, and be clear about respective roles and different means.

At this stage of the metamorphosis process of Fair Trade, the FTO's that pioneered the Fair Trade movement have to decide, if they will become victims of their own success, or will create jointly a new success story by joining forces within the Fair Trade movement to keep the torch alive of what is truly fair trade, and work against what is not. Personally I am convinced that we are still young, creative and dynamic enough to start a new success story.

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Contributing Writer
Meg Wilcox

Credit Breathes Life into Fair Trade Cooperatives

Gumutindo Cooperative members sorting coffee beans

Straddling the borders of Uganda and Kenya, massive Mount Elgon towers above the hot African plains, providing cool shelter to a rich diversity of plant and animal life. Its forested slopes provide a perfect climate for growing coffee, and for generations the Bagisu tribespeople have cultivated Robusta and Arabica beans there.

Today, the Fair Trade, organic coffee cooperative Gumutindo helps bring Mount Elgon coffee to socially-conscious consumers in North America and Europe. Gumutindo, which means "excellent coffee" in the local Lugisu language of Eastern Uganda, is a "secondary" co-operative that unites six smaller Ugandan co-operatives and exports coffee directly to Fair Trade and organic buyers.

Though prosperous today, a lack of working capital in its early years constrained Gumutindo's ability to thrive. Gumutindo could secure contracts with Fair Trade buyers, but it didn't have enough cash to buy the large volumes of beans from its members that the buyers required, nor the financing to pay for the beans' processing and export. Gumutindo's members are small-scale, subsistence coffee farmers who couldn't wait for the buyers to pay the cooperative to receive their share. Gumutindo therefore could not fill the international buyers' orders and many of its members sold their beans locally.

"Most small-scale farmers live hand to mouth," explains Jonathan Rosenthal, founder of Equal Exchange. "They need the cash, and if a cooperative can't pay for their harvest in a timely manner, they're going to sell it at a much worse price to a local buyer."

In 2005, Gumutindo approached Root Capital, a nonprofit social investment fund, seeking financing. With Root Capital's credit, the cooperative was able to expand its reach and market share from $473,000 in revenues in 2004 to over $3 million in 2011. Payments to individual coffee producers more than doubled, and the number of farmers supplying Gumutindo rose from 2,500 to 6,750.

"Most of the co-ops are undercapitalized, with few hard assets, which makes it hard to leverage credit," says Rosenthal. "And if you don't have access to credit, you as an organization don't have your basic needs met. And if you don't have your basic organizational needs met, you can't dream."

Like Gumutindo, Fair Trade cooperatives around the world have difficulty accessing credit from commercial lenders, which hinders their ability to grow and provide sustainable livelihoods to their members. Most commercial banks won't lend to rural businesses, and if they do, they demand payment schedules and hard collateral that cash-poor enterprises struggle to provide.

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Root Capital formed in 1999 to help small and growing agricultural businesses like Gumutindo gain access to credit. Trapped in the "missing middle," or the gap between microfinance and commercial banks, these enterprises require loans from $25,000 to $2 million, which are too large for microfinance, but too small and remote for commercial lenders.

To date, Root Capital has disbursed almost $400 million in credit to more than 460 businesses in Africa and Latin America, helping improve livelihoods for more than 600,000 farmer households. Root Capital also offers financial management training to its clients.

Our clients serve as economic engines of rural communities in the developing world, paying higher and more stable prices to small-scale farmers than they could otherwise obtain. This in turn strengthens local communities and empowers farmers to adopt environmentally sustainable practices, such as soil and water conservation, that are critical to long-term prosperity.

Gumutindo's success, for example, ripples across the coffee growing communities. At one primary cooperative, farmers launched a savings and credit union through which women infected with HIV/AIDS save 500 shillings each week (about 50 cents) to feed their families if staple food crops fail. They contribute another 500 shillings to an endowment fund for their farmer cooperative's elementary school.

When it comes to Fair Trade, Root Capital is generally the last mile solution. That is, cooperatives typically seek financing from Root Capital after they've already obtained certification but, like Gumutindo, are unable to take full advantage of their certification.

Kpeya Agricultural Enterprises, a cocoa cooperative in Sierra Leone, is another example. Though it was the first cocoa cooperative to obtain Fair Trade certification in that country, a lack of credit forced it to sell to local buyers for two years, at $200 less per ton. Root Capital's $30,000 loan will now enable Kpeya to fill orders from Fair Trade buyers.

Root Capital is funded by debt investments and philanthropy. One hundred percent of the loans we accept are placed with borrowers in Latin America and Africa. Donations strengthen our balance sheet and underwrite our financial advisory services and other costs. Because we seek to catalyze a larger financial market serving rural enterprises, we lend at commercial rates. Charging lower rates would distort local markets and fail to attract other lenders, undermining Root Capital's mission to evolve a viable long term lending model.

Our model has proven so successful that commercial lenders are crowding into the market in Peru, the country where we've operated the longest. Like Root Capital, they are providing the credit that's needed to help Fair Trade cooperatives and other social enterprises flourish and grow.

TRADE POLICY REFORM CORNER

ACTION ALERT

NAFTA of the Pacific Around the Corner

In April 2012, the United States' "Free Trade Agreement" (FTA) with Colombia went into effect, despite tens of thousands of letters and calls from concerned citizens, including farmers, consumers, labor and environmental organizations objecting to the Agreement's trade policies. The Colombia FTA continues the US's failed trade policy that prioritizes corporate rule above local sovereignty, environmental and labor protections, and human rights. The Obama Administration is now promoting and negotiating the Trans-Pacific Partnership (TPP), also known as "NAFTA of the Pacific," behind closed doors, with little civil society or even Congressional oversight.

18 years since the North American Free Trade Agreement (NAFTA) came into force, communities throughout the US, Mexico and Canada have witnessed the steady decline of quality of life and human rights. Proponents of FTAs have assured us that FTAs would create hundreds of thousands of jobs, raise living standards across the board, improve environmental conditions and elevate poor countries out of poverty.

Almost two decades after the "NAFTA experiment" the results are in: we've seen overall increases in Gross Domestic Product, but lower wages and greater income inequality; increased trade amongst member countries, but higher prices for basic items, like food and medicine; and a greater diversity of consumer products, but increased environmental degradation in participating countries. Overall, farmers in NAFTA countries, North and South, have borne the brunt of unfair trade policies, losing their land at a record pace, pushed out by industry consolidation and subsidies that prioritize corporate agriculture over family scale producers. Importantly, FTAs, like NAFTA, have created a binding legal framework where local and national laws can be challenged by corporations and overturned to accommodate new trading laws, with conflicts arbitrated by trade tribunals that are completely unaccountable to the citizenry. According to Public Citizen, since 1994 over $350 million public dollars have been paid to corporations under NAFTA for "compensation" for lost potential profits due to national and local environmental, zoning and labor policies, among others, restricting corporate operations. On the whole, FTAs have institutionalized supranational trade laws that have enriched local elites at the expense of people, the environment and community based economies.

Now, the United States Trade Representative (USTR) is negotiating an expansion of these policies as part of the TPP, to include not only Australia, Brunei Darussalam, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam, but eventually other countries, like Japan, Korea, and China. It is poised to become the largest Free Trade Agreement in the world. The TPP is likely to impact jobs, wages, agriculture, migration, the environment, access to medicine, consumer safety, banking regulations, indigenous rights, internet freedom, government procurement and more. To date, the USTR has negotiated the TPP behind closed doors, without citizen or Congressional oversight, but with 600 corporate advisors. While economic globalization can work for farmers, workers consumers, and the environment, it must be responsive and accountable to people and the environment, not just business interests.

Learn more and take action:
www.fairworldproject.org/trade

Contributing Writer
Phyllis Robinson

Co-operatives: The Heart and Soul of the Fair Trade Movement

CO-OP PRINCIPLES

The International Co-operative Alliance has established seven Principles that define co-ops as part of their Statement on the Co-operative Identity.

1ST PRINCIPLE
VOLUNTARY AND OPEN MEMBERSHIP
Cooperatives are voluntary organizations, open to all persons.

2ND PRINCIPLE
DEMOCRATIC MEMBER CONTROL
Cooperatives are democratic organizations controlled by their members.

3RD PRINCIPLE
MEMBER ECONOMIC PARTICIPATION
Members contribute equitably to, and democratically control, the capital of their cooperative.

4TH PRINCIPLE
AUTONOMY AND INDEPENDENCE
Cooperatives are autonomous, self-help organizations controlled by their members.

5TH PRINCIPLE
EDUCATION, TRAINING AND INFORMATION
Cooperatives provide education and training for their members, elected representatives, managers, and employees.

6TH PRINCIPLE
COOPERATION AMONG COOPERATIVES
Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

7TH PRINCIPLE
CONCERN FOR COMMUNITY
Cooperatives work for the sustainable development of their communities

The United Nations has declared 2012 the International Year of the Co-operative "highlighting the contribution of cooperatives to socio-economic development, particularly their impact on poverty reduction, employment generation and social integration." (www.un.org) At a time when national economies are failing, corporate influence is becoming more concentrated, and workers are losing economic and political power, what better moment to uphold the co-operative values of self-help, democracy, equality, equity and solidarity?

2012 International Year of Cooperatives

The contribution of co-operatives couldn't be more evident – and their involvement more critical – than the role they've played in Fair Trade. Small farmer co-operatives in the Global South, and worker-owned and consumer co-operatives in the North, have been three invaluable links in a co-operative supply chain that has helped shape and build an empowering and activist model of trade that supports small farmers, democratic organizations, and engaged consumers.

The earliest roots of Fair Trade began after World War II to provide markets for handicrafts produced by eastern European refugees, as a poverty alleviation project. During the mid-70s, however, a new wave of businesses in Europe, called Alternative Trade Organizations (ATOs), sprang up with a markedly distinct philosophy. The ATOs believed that market access for small-scale producers was not something to be provided out of charity, but as a right. The philosophy, "Trade not Aid" was coined, along with the principles establishing long term, direct, and equitable trading partnerships.

The ATOs realized that the partnerships they were looking for could be found in the fledgling small farmer co-operative movement. Small-scale farmers, historically marginalized and without access to social services, infrastructure, credit, markets, or technical assistance, were organizing themselves as a means of survival, particularly in Central and South America. The co-ops were often members of larger social movements that were taking hold throughout the Global South as farmers, workers, students, women, indigenous and others struggled for economic and social rights. These basic rights, along with widespread need for agrarian reform, and environmental stewardship, were all important pieces woven into this new blend of Fair Trade activism.

Since then, co-operatives have been the heart and soul of the Fair Trade movement. Not just "suppliers" or "buyers", Fair Trade co-operatives are true, equal partners operating within a global family of traders and activists working to change food, agriculture and trade systems. They incorporate the co-operative principles in their business models: democratic member control; member economic participation; concern for community; and education, training, and information.

Farmer co-operatives do much more than sell products. They educate and train their members in production, quality, environmental management, democratic organization, and other areas. They support their communities, and achieve far reaching economic and political empowerment.

During Hurricane Stan in 2005, the farmer co-operative Cesmach in Chiapas, Mexico organized community self-help groups to provide emergency assistance to affected communities; Tierra Nueva in Boaco, Nicaragua organized reforestation projects; and Asprocafe Ingruma in Colombia developed food sovereignty and youth employment training projects. Wupperthal Rooibos Association in South Africa is working on climate change adaptation projects and Manos Campesinas in Guatemala supports gender training and financial literacy workshops. In northern Peru, Cepicafe and other coffee co-operatives organized anti-mining activities and successfully launched a political candidate to Congress who has since gone on to become the current Peruvian Vice President. Because farmer co-operatives are owned by the members themselves, members have more decision-making authority, are more emotionally and financially invested in their businesses, and have more pride and ownership in the results of their work.

Worker cooperatives in the North have also been instrumental in building Fair Trade. Equal Exchange, the largest Fair Trade co-operative in the United States, brought Fair Trade food and coffee to this country. Today many individually owned roasters and multi-national corporations are involved in Fair Trade, but it has been the co-operatives in North America and Europe that threw

Photo Credit: Lynsey Miller, Uganda Gumutindo, 2011

themselves into this work. The system would not exist without their wholehearted dedication to the model, to buying and selling 100% of their products at Fair Trade terms, and assuming huge risks to build a market where none existed.

Equal Exchange's three founders decided not to create a non-profit or a traditional business, but instead to put their belief in worker democracy into practice by creating a co-operative where the workers owned equal shares of the business, vote for the Board of Directors, and have other decision-making rights. They wanted to change the way business is conducted by demonstrating that a business could be profitable and still have a social mission. If farmer co-operatives were to be audited for democratic structures, financial solvency, and transparent accounting and business practices, they believed that Equal Exchange should be as well.

Food co-ops are the third link in the Fair Trade supply chain. As early supporters of Fair Trade, they understood the importance of this new model before the concept became a household word. Food co-ops were the perfect partners in the North. They had championed the ideals of "food for people, not for profit" and were leaders in the natural foods, food justice, and buy local movements. It made perfect sense to support small farmer co-op supply chains by promoting Fair Trade products, especially those manufactured by worker co-ops. This was, after all, the sixth co-operative principle: cooperation among co-ops.

Illustration by John Klossner

Fair Trade food and beverages have now been around for 25 years in the United States and the movement has had great success. Small farmer organizations are considerably stronger than they have ever been. Small farmers have a seat at the table that would have been unthinkable before Fair Trade was created. Consumers are far more educated about the food system and willing to take actions to support positive change.

But, there is still a long way to go.

Today, the biggest threat facing Fair Trade farmer co-ops comes from the Fair Trade certifier itself. In the same year the United Nations chose to uphold co-ops as a community economic development and worker empowerment model, the biggest U.S. certifier, Fair Trade USA (formerly TransFair USA) has launched an initiative, Fair Trade for All, which allows for certification of coffee and cacao plantations and individual farmers that are not organized in co-operatives. Vehemently opposed by small farmer organizations and others in the Fair Trade movement, this initiative threatens the very existence of small farmer co-operatives. The reason that the Fair Trade system was created – to support market access for small farmer organizations that could not compete with large-scale plantations – is now being replicated within the actual Fair Trade movement.

visit equalexchange.coop to take action

Is there hope? Through all the challenges, small farmers and co-ops have played a protagonist role, meeting each test head-on. The organizations of Fair Trade Small Farmer Co-ops in Latin America and the Caribbean, Africa and Asia have created their own networks to advocate for fair policies and standards, and to have a greater voice in shaping the Fair Trade movement. After years of work, last year the producer networks finally achieved 50% representation on the General Assembly of Fairtrade International (FTI), formerly FLO, and 40% of its Board.

Last year, the Latin America and the Caribbean network (CLAC) launched the first Fair Trade certification system created by small farmers; the Small Producer Symbol (SPP) is a way to differentiate their products from those within the Fair trade system that come from plantations. The CLAC has been actively promoting the SPP and opposing Fair Trade USA's Fair Trade for All. Not surprisingly, it is the worker co-ops in the U.S., Canada, and Europe that are leading the way to use the SPP seal on their products and begin promoting small farmer Fair Trade products in the marketplace.

The co-ops in the North are also doing their part to "refound Fair Trade", as Santiago Paz, General Manager of Cepicafe Coffee Co-op in Peru, urged. Two years ago, Equal Exchange and six consumer co-ops in the U.S. launched a pilot project, Principle Six, in the United States to highlight the co-ops' highest value products: those grown or produced locally or internationally by small farmers and co-operatives. Food co-ops, always in the forefront of the food justice movements, have too-often seen their values compromised and "taken" by large corporations with extensive marketing dollars. Principle Six allows co-ops to reclaim co-operative values and take their place again at the forefront of a new era.

Finally, in response to Fair Trade USA's Fair for All initiative, Equal Exchange has launched the Authentic Fair Trade Campaign in support of small farmer co-ops, stating that plantations do not belong in Fair Trade coffee. The statement has been signed by roughly 8,000 individuals and close to 100 co-ops. Food co-ops have enthusiastically added their names to the statement, begun educating their staff and members, and are doing what they can to keep small farmer Fair Trade products at the forefront of their shoppers' attention.

In this Year of the Co-op, will the Fair Trade movement stay true to its original values and keep co-ops at the forefront of its mission? It will require all of us to take a stand, not just with small farmers – but with organized small farmers, workers, and consumer movements as well. Go Co-op!

Photo of Nnobua by Brian Moody

Contributing Writer
Erin Gorman

N'nobua: How Cooperation Makes Chocolate Something Everyone Can Cherish

N'nobua is a community tradition among cocoa farmers in Ghana. N'nobua means "if you help me, I will help you." Cocoa farming is hot, tedious work performed from the early morning hours in the rainforest. In addition to a cutlass, a farmer's most treasured item is a pair of rubber boots to protect against scorpions and other bugs crawling around on the forest floor. It's more than one can do alone so friends and neighbors help one another gather the cocoa pods and break them open for fermentation. It's a great opportunity to share information about what works and what doesn't to address the many challenges farmers face with their cocoa crops. It's also a time to do what friends and neighbors do when they get together – share stories, gossip, laugh, talk about their children and their lives.

Organizing, both formally and informally like n'nobua, is one of the most important opportunities that membership in a cooperative provides to family farmers such as the 60,000 cocoa farmers who belong to Kuapa Kokoo Farmers Union in Ghana. Being organized is a way of having power, a way of not being alone, and a way of having a greater pool of resources to create solutions to problems. Kuapa is one of the most well established and respected Fair Trade farmers organizations because it has formalized farmer participation and grassroots democracy at a significant scale. But Kuapa has also prioritized the role of women in democracy and this makes them unique.

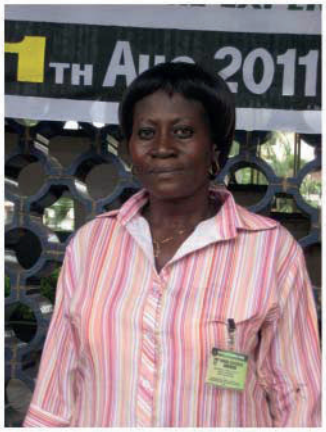


Photo of Grace Dufie, by Charlotte Borger

Photo of Lydia Boateng, by Charlotte Borger

To join Kuapa, farmers must organize themselves into a village society, a local cooperative organization, with an elected board of farmers where women must hold at least two of the elected positions. The requirement of women's formal representation is consistent at every level of the organization. For nearly two decades Kuapa farmers have trained and encouraged women to participate, stand for election, and become leaders. Women like Grace Dufie, an elected recorder or buying clerk for Kuapa in the village of Gambia 2, Kasapin District, reflects " Life would be hard if I had not joined Kuapa Kokoo – in Kuapa we are one, all together." For many women, membership in Kuapa Kokoo is the first time in their lives they have been afforded the opportunity to have a say in a room full of men and be heard.

Why the focus on women? Kuapa recognized that women have a significant role in cocoa farming but because they were not engaged in the selling of cocoa to the buying clerks that collect cocoa in Ghana, they had little access to the economic benefits of cocoa production. In a Fair Trade farmer's organization that invests in its communities, women also had an important role to play in ensuring that benefits were directed to the whole of a community, including its children. By creating a formal way for women to participate, Kuapa could ensure that women could access money from the sale of cocoa, use that money to feed children, send them to school, and they could also have a say in how Kuapa's Fair Trade premium is spent. Women's influence can be seen in the significant investment Kuapa has made in building schools, creating scholarships and creating additional income generation opportunities for women. The first woman president of Kuapa Kokoo was elected two years ago and is a testament to the success of their leadership training and the widespread acceptance of women's leadership throughout the organization.

Cocoa is seasonal and when the money from cocoa is gone, farmers enter into the 'lean season'. Families may not have enough to buy food staples, buy school books or pay for uniforms required to attend school, or pay for other emergencies that arise. Kuapa Kokoo started their Women's Projects to fill this need. Women organize into groups in village societies. The groups then apply to Kuapa's Credit Union for training and ultimately micro credit loans to help women embark on income generation activities such as soap making, batik, and raising of small animals such as snails and food crops for sale in the local market. Women train together, plan together, and all along the way, learn what it means to be respected in their family and community for their accomplishments. It also changes what women think is possible for the future and that influences what their children believe is possible for themselves. Lydia Boateng, Grace Dufie's 17 year old daughter says of her mother, "Being in Kuapa has helped her be a good mother to me; she has been able to pay my school fees and I am very happy to go to school. I would like to be a nurse so I can help my neighbors when they are sick."

When we buy fair trade chocolate we are connected and cooperating with family farmers like Grace and her daughter in the global food system. What we choose to buy and what we choose to eat shapes the opportunities for women and their families the world over. Our job is to strive to be well-informed and deliberate consumers of foods that make it possible for farmers to be treated with dignity and respect. Fair Trade that focuses on family farmer cooperatives enables farmers to collectively invest in healthier communities, better agricultural practices, and democratic empowerment so that the most marginalized, including women and children, enjoy fair and decent treatment.

Divine Fan Pack

Divine's mission, as a Fair Trade chocolate company largely owned by the farmers of Kuapa Kokoo, is to make chocolate something that is cherished by everyone, including cocoa farmers. We hope to be a bridge between cocoa and chocolate lovers so that together we can make chocolate something to feel good about. We hope you will Dacherish Divine too!

Making Fair and Sustainable Palm Oil in Ghana

Palm oil is a widely used, high volume and highly controversial plant oil. Its properties make it suitable for many applications in food, body care and energy use. Large palm plantations in Malaysia and Indonesia now achieve very high fruit and oil yields per unit area, making palm oil an economic choice for many manufacturers.

Photo of Obeng Kwesi and Regina Akoto by Dana Geffner



Contributing Writers

Rob Hardy, Safianu Moro, Gero Leson

That success comes at a high price: large-scale palm plantations, often several 10,000 acres in size, represent huge monocultures often planted on purposely cleared primary forest or bog land that force out human and wildlife communities. Notably, since the mid 1990s, vast tracts of forest on Sumatra were burned or clear-felled to make room for oil palms, which adds the release of vast amounts of carbon dioxide to the list of environmental damages caused by oil palm planations. Consequently, many environmentalists have understandably but wrongly argued that palm oil cannot be produced in a sustainable and responsible way. The Serendipalm/Danieama project developed by Dr. Bronner's since 2007 in Ghana's Eastern Region clearly shows that it can. The combination of organic and fair-trade standards ensures sustainability and social responsibility along the supply chain– with respective seals used on retail packs that are recognized and trusted by informed consumers.

Since 2006 Dr. Bronner's has shifted over 95% of raw agricultural material volume used in making our soaps to sources that are certified fair trade and organic (FTO). We wanted to know who makes our raw materials and ensure that fair prices and wages are paid, and their production benefits the local community and environment. Next to coconut oil, palm oil is our second most important ingredient by volume. Made from the fruits of the oil palm, palm oil gives our bar soaps, and those of other brands, hardness and longevity.

First, in cooperation with the NGO Fearless Planet, we hired 4 agricultural field officers to operate an Internal Control System (ICS), necessary for the certification of small-holder grower groups; this is the heart of the organic and fair trade system in such situations, to ensure the standards are implemented in the field. The ICS team registered small-holder farmers around the town of Asuom in Ghana's Eastern region and supported their conversion to organic oil palm cultivation. The area hosts thousands of smallholders who grow oil palm, cocoa and citrus on small plots between 2-5 acres as their main source of income. We then designed and built a small oil mill in Asuom, that was modeled on the hundreds of local artisan oil mills, called cramers, in the area, but with much better facilities, working conditions and efficiencies. We asked Danieama, a family of local entrepreneurs who had helped start the project, to manage the cramer on behalf of Dr. Bronner's with our support. As production grew, we founded Serendipalm Co. Ltd., Dr. Bronner's sister company to host the entire project. We hired accountants, additional field officers, a project manager, set up a payroll system and registered Serendipalm for exportation and importation of urgently needed tractors and trailers. As of the peak harvest season of 2012, the project employs some 260 people, most of them unskilled hard-working women from Asuom. It is the largest local employer in an area with little formal employment, and for this and other significant reasons it is greatly respected. After several scale-ups, the mill now supplies 300 plus metric tons per year of fair trade and organic palm oil needed by Dr. Bronner's and additionally exports smaller quantities to several other European firms committed to fair trade.

Photo of Martin Oduro by Gero Leson

Some 300 organic and fair-trade small holders now supply us with fresh fruit bunches (FFB) from some 2,500 acres. Another 300 farmers are in conversion to full organic status. Once the project started, farmers in the project's main towns formed associations that negotiate with Serendipalm over FFB prices, plan farmer trainings and execute fair trade projects. The entire project is inspected at least annually and certified organic and fair trade by the Institute of Marketecology (IMO), an internationally respected Swiss Certification Body, under its organic and Fair for Life programs.

What's fair and sustainable about this project? First, we pay farmers a market premium price for their FFB that guarantees a fair profit. We also support them technically in improving soil fertility, fruit yields and profitability through farm maintenance loans and by supplying nutrient rich biomass from the mill as mulch. We use our leverage with farmers to ensure that farm workers are paid and treated fairly. For production workers, the cramer in Asuom offers conditions uncommon in that industry: staff enjoys wages of 25-30% above local levels, registration for health insurance and social security, safe working conditions, one hot meal per day, treatment with respect and potential for personal and professional growth. The friendly yet hard working atmosphere at the cramer is testimony to that.

A powerful tool for rural development are the individual fair trade projects in the community that are discussed, agreed upon and implemented by a representative stake-holder Fair Trade Committee composed of a majority of farmers, and cramer workers and management. This in itself is a powerful mechanism for learning and development. Serendipalm charges all customers, including Dr. Bronner's, a fair trade premium, calculated at 10% on total fruit purchases and cost of labor. With a budget of currently $50,000 / year, simple water supply systems have been the first major need for all towns that the Committee decided to address. The FT fund pays for hardware (deep wells, pumps, building, storage tanks), and the community collects a user fee that pays for maintenance and expansion. Likewise, living quarters for four nurses to work at a local hospital were completed in early 2012. FT projects do more than just install hardware; they are catalysts through which communities without access to funds learn to plan and implement development projects – on tight budgets.

For farmers and our staff who want to replant oil palm, Serendipalm supply seedlings of high yielding varieties as interest free loans. For farmers it increases income and workers who plant on family land consider the trees as a provision for their retirement. Serendipalm commits to purchasing these fruits as fair trade and organic at a substantial market premium. With its own and 3rd party demand for FTO palm oil growing, Dr. Bronner's will invest in a large expansion of Serendipalm in the project area. A larger, more efficient mill will come on line in 2013 and consume up to 5 times the current FFB volume, create additional attractive jobs, improve farm incomes and contribute to the development of an area full of natural resources and great people – but neglected by its government. For Dr. Bronner's staff and friends who have helped build the project, the greatest part is the direct, meaningful and enjoyable exchange with our Ghanaian partners – it makes us realize that trade can affect positive change if done with high integrity of motivation, and implementation of standards.

Contributing Writer
Michael Sligh

Fair Trade at the Crossroads – Lessons from the Organic Movement

During this period of turbulence and challenges in the Fair Trade movement, it seems appropriate to reflect on the mostly separate but parallel trajectories of fair trade and organic. Fair trade is at the crossroads and organics has been there before. This article hopes to shed some insights from the experience of the organic movement.

Of course, the Fair Trade and Organic movements have much in common. Today, much of fairly traded coffee and chocolates are dual-certified as both fair trade and organic. The Grower Group model that allows small farmers to form cooperatives or democratically–run grower groups and seek group certification, rather than each small farm needing individual certification, has been a huge boon to thousands of small Global South farmers by gaining honest access to both the growing organic and fair trade markets in the North. Both are born from passionate commitment, both these movements share a strong sense that just opposing the wrong is not enough – we must build the sane alternative.

Both trace their recent revival periods to the last century when the excesses of corporate agribusiness-as-usual became all too visible and painful. Both movements have been bottom-up grassroots responses with a lot of sweat equity and minimum mainstream support, until recently. Both movements are dependent on continued strong consumer and stakeholder support and trust.

While both started out with market claims – each had very different goals. Fair trade has pursued the goals of empowering marginalized small farmers in the Global South who have suffered from corporate concentration and unfair trade practices. Organic set out to offer the alternative to destructive pesticide-based agriculture through holistic environmental, social and humane stewardship practices. Both were about meeting an un-tapped consumer demand by doing good.

Both movements required the development and on-going maintenance of marketplace architecture that did not exist – standards -setting, verification mechanisms and transparent and accountable market labeling claims.

However, the two movements have taken very different routes and means to achieve their relative marketplace successes.

The story of the institutionalization of organic through governmental regulations is not meant to imply that fair trade should or even could take this approach. It is simply to state that when organics was at a critical crossroads and could not see how to "self-organize" sufficiently to manage growth and protect consumer confidence – we chose the governmental route.

As market demand grew beyond localized markets, it became clear that organics would need harmonization of standards and third–party verification systems to ensure consumer confidence. In the 1970's the International Federation of Organic Agriculture Movements (IFOAM) was created to develop community–owned standards for organic and to use stakeholder-driven processes to promote and develop organic worldwide. The idea was to have strong community standards that would push and hold governmental standards accountable. There were participants from different parts of the world but the EU clearly dominated. However, the challenges of managing two-front strategies while staying ahead of consumer demand and creating truly global standards that meet diverse needs of regional organic practices has remained daunting – to say the least.

In the 1980's faced with expanding markets but with many different standards and definitions of organic world-wide, Europe was the first to take the approach of creating governmental organic regulations to standardize the claim and create market clarity - setting the stage for a global rush toward governmental organic regulations. Today, there are organic regulations in over 60 countries and the challenges ahead are harmonization and equivalency.

On this side of the Atlantic during that same period, there were mighty debates about the pros and cons of a "governmental solution" to the problem of how best to institutionalize organic, to build and very importantly to continue to pay for, protect and maintain our standards and market integrity. The central issue was – could we organize ourselves sufficiently and fairly such that we could manage this rapidly growing movement without governmental intervention?

The US movement tried its best to learn from the EU experience of governmental regulations. We eventually chose the governmental route as an inevitable outcome that we should make the best of because we did not have the resources, the structure or the cross-sector unity needed to protect organic integrity as it grew. We set out to create a "public/private partnership" by establishing creative solutions to old school governmental regulations. A national citizen board (the National Organic Standards Board or NOSB) made up of all stakeholders with no one-sector dominating shares statutory powers with the US Department of Agriculture (USDA). The USDA cannot add materials not approved by NOSB but can remove if found to be harmful. The USDA National Organic Program and its accreditation division must be reviewed and recognized by a third party evaluator to ensure their compliance with the organic law. Because of organics contributions to society as a whole, there is some taxpayer support. This still represents one of the most creative, enlightened and fully participatory and transparent regulations in US history – flaws and all.

In retrospect this was probably the most viable way forward for us at the time and more has been gained from governmental support than was lost. Our biggest wins were the messages that the governmental seal is backed up by strong third-party verification systems; including accreditation of certifiers, appeals, enforcement and oversight; and evaluation of accreditors along with the critical public process for setting and maintaining standards. These are key components of the credibility architecture that Fair Trade must now secure for itself.

We were however required to compromise key provisions of the organic platform in this trade-off and this should serve as a valuable lesson for the fair trade movement.

The governmental definition was narrower than the community definition and specifically left out the fairness to farmers and workers, research, promotion and energy-efficiency. What we had hoped would be the "floor" under standards also became for practical purposes the "ceiling" and driving up standards is very slow and difficult and is not pro-active in signaling market directions.

Organic when in the informal sector prior to federal institutionalization was widely understood as a holistic approach that cared about the whole system – the land, plants, animals and the people who care for all of this but, this was just too

big a leap for the government to accept and thus we have mostly an environmental claim with the fairness and other aspects now needing to be added back-in through credible marketplace, private and Non-Government Organization (NGO) initiatives.

Governmental understanding of what is organic has been slow and painful.

Federal policy is biased toward the large scale and access to federal decision-makers is not equal. It is also very expensive for the grassroots to maintain continued participation in the process.

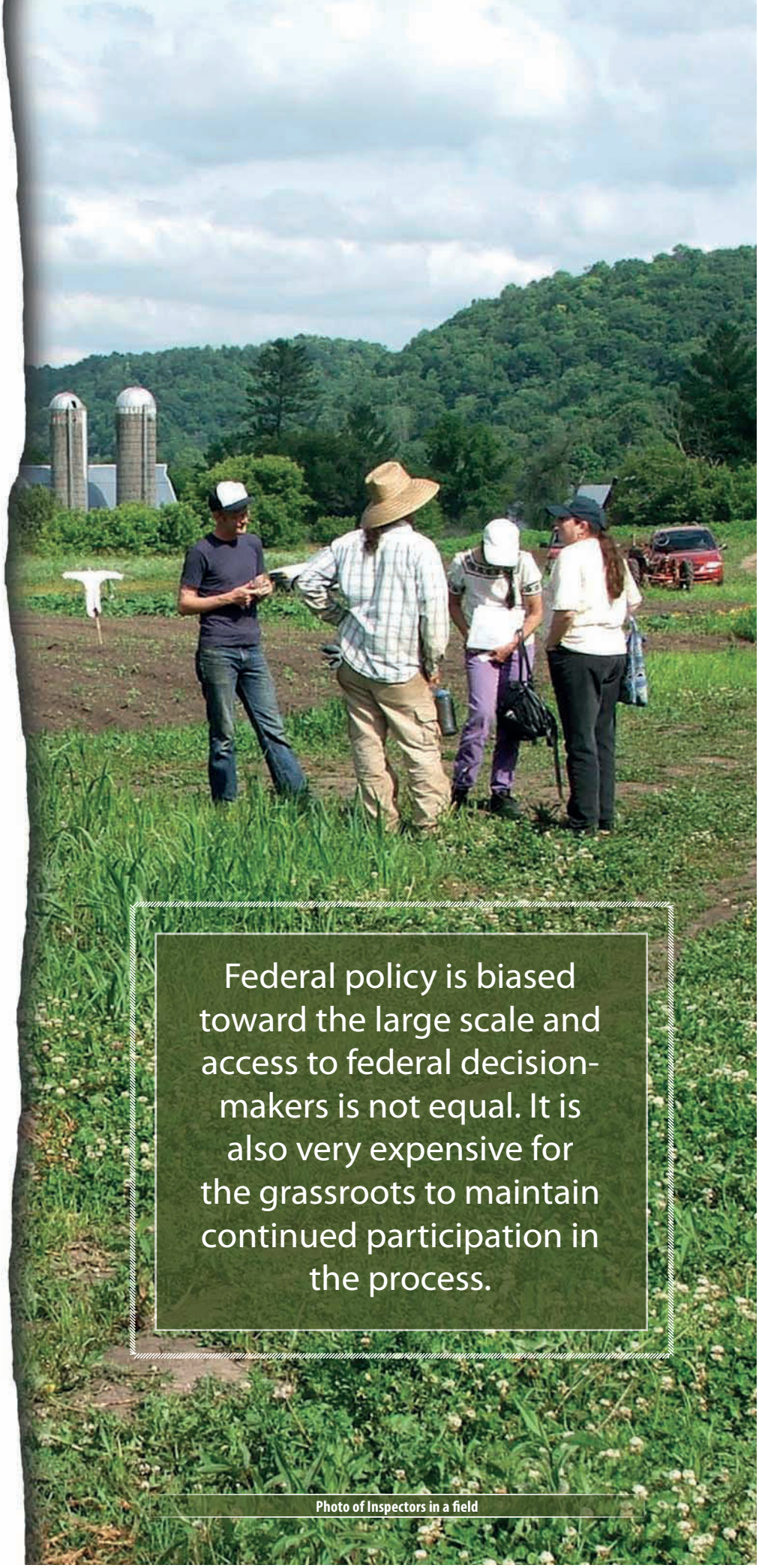
Formal organic certification as a value proposition for many small-scale farmers is very limited unless they form cooperatives or grower groups. Many also either do not use formal certification because they: sell direct and qualify under the small scale organic sales exemption rule; simply do not make a formal claim of organic anymore; or seek alternative forms of verification such as – Participatory Guarantee Systems, (PGS), which is not yet recognized fully by all governmental programs.

The recent name change of Transfair USA to Fair Trade USA and its abandonment of the international Fair Labeling Organization system and its relaxing of fair trade practices have resulted in a major split in this vibrant movement. So, as the fair trade movement stands at its crossroads -- it must act swiftly to strengthen and protect its core credibility:

- Fair Trade standard setting must become more unified, formalized and fully owned by the larger community;
- Verification and oversight mechanisms must be fully transparent, participatory and reflect the stakeholders and their priorities, as well as consumer expectations;
- Accreditation and meaningful stakeholder oversight of the fair trade claim is essential to credibility;
- Dispute resolution and appeals must be easily accessible and broadly adopted;
- Swiftly build credible partnerships and much more synergy with the organic community to offer multiple and merged claims through mutual inspection;
- And finally protecting and defending the rights of the most vulnerable segments of the market must remain paramount.

Ironically, the part left out of organic in the governmental process – the claim of fairness – is now giving organics a very valuable opportunity to add this additional value back to organic through the marketplace and outside of the federal process because of the enduring value of the fair trade claim.

History will judge these two movements not just by the incremental progress made but also by how well we avoided becoming what we set out to be the sane alternative to!



Federal policy is biased toward the large scale and access to federal decision-makers is not equal. It is also very expensive for the grassroots to maintain continued participation in the process.

Photo of Inspectors in a field

REFERENCE GUIDE TO FAIR TRADE CERTIFIERS & MEMBERSHIP ORGANIZATIONS

Fair trade certifiers and membership organizations all agree on these basic fair trade principles:

- ✓ Long-term direct trading relationships
- ✓ Prompt payment of fair prices and wages
- ✓ No child, forced or otherwise exploited labor
- ✓ Workplace non-discrimination, gender equity and freedom of association
- ✓ Safe working conditions and reasonable work hours
- ✓ Investment in community development projects
- ✓ Environmental sustainability
- ✓ Traceability and transparency

Fair Trade validation systems can be grouped into two major categories. The table shows their main attributes and several prominent examples.

3rd Party Inspection & Certification	3rd party certifiers field-inspect growing and processing, possibly trading operations and compare performance against a set of fair trade standards.	Fairtrade International (formally FLO); IMO's Fair for Life; FUNDEPPO's Small Producer Symbol; Agricultural Justice Project *As of this issue's printing FTUSA has not released its final standards.
Membership Organizations	Organization evaluates fair trade commitment and practice of companies against its membership criteria. No systematic verification of conditions along the value chain.	Fair Trade Federation (FTF); World Fair Trade Organization (WFTO); Domestic Fair Trade Association; Cooperative Coffees

This chart summarizes the logos of several certification programs and membership organizations. A product sold by a company that is a member of a fair trade membership organization may not have gone through third-party certification; conversely, a product certified as "fair trade" under a certification program does not mean that the company that produces the certified product is a dedicated fair trade company.

We acknowledge that other socially responsible systems are available. While they certify for many of the same standards, they do not embody all fair trade principles.

*Effective December 31, 2011, Fair Trade USA resigned from the Fairtrade International (FLO) system and is an independent organization. As of "For a Better World's" printing, FTUSA's new standards and procedures had not been released for review. Once released, FWP will determine if it will consider FTUSA as a legitimate certifier. For more information on the FTUSA and FLO split, please visit www.fairworldproject.org/intro/certifiers.

For more information on Fair Trade Certifiers and Membership Organizations visit www.fairworldproject.org