



# 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



**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.**



done in a transparent and truthful way.



fication 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.

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.

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.

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.

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.

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

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.

"Traditional" Fair Trade and market-oriented Fair Trade, designated by the growing number of certi-

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

**Photo Credit's from Left to Right:**  
*Arab Women Artisans, Tora Asya. Photo by: Fair Trade Egypt*  
*Silence Workshop. Photo by: Richard Ilse - Traidcraft*  
*Sugar Packers. Photo by: Craft Aid Mauritius*  
*Soapstone Incising. Photo by: Mango True Miracle*  
*Cerámica de Chulucanas, Piura. Photo by: Allpa SAC*  
*SIPA Woman Artisan. Photo by: Richard Ilse, Traidcraft*  
*Rehab Craft Cambodia Workshop. Photo by: Richard Ilse, Traidcraft*  
*Bolivian Indigenous Producers. Photo by: Asarbolsem*