



# FOR A BETTER WORLD

ISSUES & CHALLENGES IN FAIR TRADE

ISSUE 3, FALL 2011 | FREE PUBLICATION



## INEZA: A Family of Hope in Rwanda

- ❖ The True Cost of Bananas
- ❖ Certifying for Ethics
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- ❖ The Challenges of Certification for Fair Trade Crafts
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## FAIR TRADE TIMELINE

Contributed by the Fair Trade Resource Network ([www.ftrn.org](http://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

### 1968

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

### 1972

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

### 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

### 1994

Fair Trade Federation is formed as the first network of fair trade organizations in North America

### 1999

TransFair USA begins certifying fair trade coffee using the TransFair USA label

### 2004

Producers form national and regional fair trade associations across Asia, Latin America and Africa

### 2007

Fair trade retail sales top \$1 billion in the U.S. and \$2.5 billion worldwide.

AJP team conducts official pilot certification audits of four Domestic farms and two co-ops in Minnesota and Wisconsin

### 1948

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

### 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

### 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

### 1989

International Fair Trade Association (IFAT), now WFTO, is established by fair trade pioneers as the first global fair trade network

### 1997

Fairtrade Labeling Organization (FLO) is formed

### 2002

FLO launches the international "FairTrade" certification mark

### 2006

The Institute for Marketecology (IMO) begins their "Fair for Life" certification program

### 2008

Domestic Fair Trade Association incorporated

### 2010

Organic Consumers Association (OCA) launches Fair World Project, the first fair trade consumer organization, to promote and protect the integrity of the fair trade movement

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## ABOUT FAIR WORLD PROJECT

**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.



## Letter from the Director

The beautiful smiling women on the cover remind me of why I started in the Fair Trade movement in the first place: to see people around the world gain happiness and hope in their lives and feel content and satisfied during their workday. Fair trade programs empower people such as AIDS victims in war-torn Rwanda, farmers in the remotest regions of Ecuador and Bolivia, and members of banana cooperatives fighting against major corporations to have dignity in their work and dictate their own outcome in life.

But with the growth of the fair trade movement tough questions are emerging as well. What happens when a traditional staple crop sees a sudden spike in demand, increasing local prices? Are companies and manufacturers thinking about these issues when exporting primary food crops abroad?

With growing fair trade certification for commodities, the fair trade craft community is being forced to look at their practices differently. The fair trade craft movement was not created to address entire supply chains or workers' rights, but rather to help build livelihoods, keep traditions alive and indigenous cultures intact. Is certification necessary to help build consumer confidence with artisan goods? Is it too complicated and costly for companies that sell thousands of items of craft products, comprised of dozens of different raw materials? Could an alternative to commodity certification schemes work?

While fair trade certifiers and advocacy organizations work on craft certification and strengthening standards in the commodity sector, consumers make the real difference when making purchasing decisions by asking the tough questions, demanding retailers stock shelves with dedicated fair trade brands, and continuing to increase their knowledge of the realities in fair trade.

We invite you to join Fair World Project's conversation on our blog and send letters to the editor. We look forward to hearing from you.



To a day when all trade is fair,  
*Dana Geffner*  
Dana Geffner  
Executive Director

**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.**

## 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](http://www.fairworldproject.org)

### CONTACT US

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## NEWS IN BRIEF

To learn more about any of these news issues visit: [www.fairworldproject.org/blog](http://www.fairworldproject.org/blog)

### ACTIVISTS PROTEST HERSHEY IN TIMES SQUARE, CALLING ON THE COMPANY TO STOP USING CHILD LABOR.



It has been almost a decade since major chocolate companies committed to ending child or forced labor and trafficking in their cocoa

supply chains, but these abuses continue today. While many major companies have started to work with third party, independent organizations to trace their cocoa and institute labor standards among their suppliers, the Hershey Company lags behind all of its competitors in this area.

### CONFUSED BY SKYROCKETING COFFEE PRICES?



Climate change, commodity speculation and crop failures are key factors among others that are impacting the conventional and fair trade coffee market.

Across the board, producers are faced with increased fuel costs, inflation and an overall rise in their basic food basket. Together, these factors are creating a perfect storm of high costs and prices. For a great piece breaking this all down, check out Just Coffee's Julia Baumgartner post, "Coffee Prices on the Rise: What this Means for Producers."

### FAIR TRADE GOLD HITS THE MARKET

Fair trade gold made headlines in February, just in time for Valentines Day. While Fairtrade gold provides consumers with an alternative to "dirty gold," the Fairtrade Labelling Organizations (FLO) standards, as the NGO Earthworks has pointed out, will need more improvement and refining. The first gold mines to be certified are located in Colombia and Bolivia.

### CHICAGO CITY COUNCIL PASSES FAIR TRADE RESOLUTION.

#### CHICAGO FAIR TRADE

Chicago fair trade activists have made Chicago the largest city to pass a strong fair trade resolution. Chicago is a fair trade hotbed with over 300 fair trade outlets, including retail stores and restaurants, and 260 fair trade institutions. Chicago is home to some amazing fair trade innovators, for example, Café Chicago, a worker-founded, worker-owned and worker-operated cooperative that roasts, packages, and distributes great tasting, fair trade, organic coffee in the Chicago area. With a new model of job creation, job training and social action that creates living wage jobs and provides training in coffee roasting and cooperative management, the for-profit Café Chicago will also fund the social justice organizing of Latino Union at a time of dwindling non-profit funding.

### DARK SIDE OF CHOCOLATE

This 2010 documentary exposes the ongoing use of child labor, forced labor and trafficking in the cocoa industry in West Africa. "Dark Side of Chocolate" is a great resource for increasing awareness of the human and labor rights travesty in chocolate supply chains. To order a copy of the DVD (\$6) and download a screening kit please visit: [www.raisethebarhershey.org](http://www.raisethebarhershey.org)

### CLIMATE CHANGE'S IMPACTS ON FAIR TRADE PRODUCTS AND PRODUCERS.

The climate is changing and having disastrous impacts on farmers. While the world debates Cap and Trade and Kyoto, farmers around the globe have consistently voiced their concern for over ten years. Coffee producers in particular have been hammered by increasingly erratic weather conditions. Recent reports from Mexico and Brazil to Uganda and Colombia have laid bare the crisis situation in the coffee lands.

### MAKE YOUR VOICE HEARD: TELL YOUR FAVORITE BRANDS TO BE FAIR!

Join the Fair World Project's "Be Fair" campaign and call upon your favorite brands and companies to "Be Fair" and source Fair Trade ingredients and products. Learn more and take action at: [www.befair.us](http://www.befair.us)



### JOIN FAIR WORLD PROJECT THIS FALL

- 35th Annual Provender Alliance Educational Conference: October 5-7 in Hood River, Oregon
- Ohio Fair Trade Expo: October 22 at John Carroll University, Cleveland, Ohio
- Los Angeles Greenfest: October 29<sup>th</sup> & 30<sup>th</sup> at Los Angeles Convention Center
- 15th Annual CFSC Conference, Food Justice: Honoring our Roots, Growing the Movement: November 5 - 8, Oakland.
- San Francisco Greenfest: November 12<sup>th</sup> & 13<sup>th</sup> at San Francisco Concourse

## CONTRIBUTORS IN THIS ISSUE



### Sandy Brown

Sandy Brown's work on farm labor and sustainable food systems attempts to bridge some of the many divides between agriculture, activism, and academia. In addition to her work at Swanton Berry Farm, she is a doctoral candidate at UC Berkeley, researching labor relations in sustainable agriculture in California and Latin America.



### Susan Moinester

Susan Moinester views the co-founding and directing of Manos de Madres with her daughters as the culmination of her life's work and passions. She has an extensive background in corporate marketing and product development and previously in occupational and women's health advocacy. Domestically, Susan is actively involved in living wage and social justice issues.



### Tony Hall

Tony Hall is from Liverpool, England. After teaching Market Research, he did an MBA in France. He worked for General Electric for 10 years, then did VC start-ups in Silicon Valley. Working since 2002 as a Fair Trade Business Consultant, he is improving the business skills of craft organizations in the South.



### Sue Kastensen

Sue Kastensen is the founder and director of Fair Shake, a web-based prisoner reentry resource center. She is one of the founders of Fair World Project and now serves as an advisor. She created Sun Dog Hemp Body Care. Current board seats include: the Domestic Fair Trade Association, the Hemp Industries Association and the Viroqua Food Cooperative.



### Phyllis Robinson

Phyllis is the Education and Campaign 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.



### Mathieu Senard

Mathieu Senard is co-founder and CEO of Alter Eco America. He started his career at the age of 18 as a volunteer in the refugee camps at the border of Cambodia and Thailand. He spent a year in South East Asia running an orphanage for the NGO "Krousar Thmey" in Siem Reap, northern Cambodia. With degrees in business and communication, he co-founded Alter Eco US in 2004.



### Ryan Zinn

Ryan is Campaign Director for the Fair World Project. He 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.

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Articles written are the view points from the authors and not necessarily endorsed by Fair World Project. We encourage you to use your own judgement, ask questions, and visit our blog for more information.

# Reference Guide to Fair Trade Certifiers and 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 three major categories. The table shows their main attributes and several prominent examples.

Category	Key Attributes	Examples
3 <sup>rd</sup> Party Inspection & Certification	3 <sup>rd</sup> party certifiers field-inspect growing and processing, possibly trading operations and compare performance against a set of FT standards.	Fair Trade Labeling Organization (FLO) and their national initiatives (TrainsFair USA, Canada); IMO's Fair for Life; Agricultural Justice Project 
Membership Organizations	Organization evaluates FT 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 
Brand Programs	Major brands develop in-house FT programs and work with a 3 <sup>rd</sup> party to inspect and certify the company's operations against the standards	Whole Foods (Whole Trade) 

*\*We acknowledge that other socially responsible systems are available. While they certify for many of the same standards, they do not rise to the level of fair trade.*

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.

# Swanton Berry Farm Promotes Labor Rights and Fair Trade

By Sandy Brown

After years of pioneering organic production methods for strawberries, Swanton Berry Farm founder Jim Cochran turned his attention to the farm labor question, becoming the first organic grower in the country to sign a contract with the United Farm Workers union in 1998. In doing so, Cochran led the way on an issue that is often sidelined in sustainable food circles, namely the wages and working conditions of the primarily immigrant workers who tend and harvest our crops. Since then, Swanton Berry Farm has also become a pioneer in the US-based movement for domestic fair trade.

At that time there was little help available from the industry, which was actively blocking studies on non-chemical alternatives to Methyl Bromide. Historically used as a soil fumigant in conventional agriculture, Methyl Bromide was identified as a potent neurotoxin that also contributes to ozone depletion and was subsequently banned for use in agriculture. While large conventional strawberry growers lobbied for approval of an even more toxic replacement, Methyl Iodide, Swanton Berry Farm continued to remind people that non-chemical alternatives are possible.

returned to strawberry production. Finally, we don't push the plants too hard by over-fertilizing and over-watering and we choose varieties that have lower yields but better flavor.

In the early days it wasn't clear that this approach would be commercially successful. It took five years for the farm to turn a profit. This gradually changed, and many other growers have followed suit – Swanton has moved from supplying 100% of the organic strawberry market production to now only 1%. However the secret to the farm's success lies not simply in organic certification, but also in growing high quality fruits and vegetables that taste good and are produced under fair labor conditions.

Believing that it was “wrong to pay so much attention to the soil and not the workers,” Cochran decided to look beyond the USDA's organic certification for additional guidelines. Around this time, the United Farm Workers union was busy trying to organize strawberry farms thirty miles to the south, in the Pajaro Valley. For Cochran, this became an opportunity to open a dialogue with the union and the Swanton workforce. Just as they had with organics, other strawberry farmers warned him it would kill the business. Now, more than ten years after Swanton workers voted to unionize in 1998, the farm is flourishing. However, unlike with the organic practices Swanton pioneered, few other strawberry farms have followed suit.

Many people assume that unions are needed only where working conditions are so bad that workers need protection and that the owner-union relationship is necessarily conflictual. Historically, farmers have been especially good at engaging ideas of agricultural exceptionalism to fend off organizing in the industry: that somehow the nature of agricul-



Jim Cochran Sr. and Jr. in the field

When Cochran started the farm in 1983, no one had grown strawberries organically on a commercially successful basis; the industry meme was that it couldn't be done. Pesticide purveyors even offered to come and fumigate his fields for free. But Jim was determined to give it a try. Having worked in farmworker-owned cooperatives in Central California, he had seen the harmful effects of pesticide use firsthand. So he got a small loan, leased a few acres of land and started to experiment.

Swanton's farming process is much more complex (and slower) than in the conventional system where chemicals are injected into the soil before planting and insecticides are sprayed according to a proscribed schedule as the plants mature and bear fruit. Instead, we work to build healthy soil by rotating strawberries with other crops, in particular Brassicas like broccoli and brussels sprouts, as well as cover crops like mustard. We also leave some land in dry fallow, conserving water and allowing the land to rest before being

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Swanton workers taking a break – photo credit: Carmela Meehan

tural work was such that farmworkers should be denied the most basic right to organize. Today's farmers, even most organic ones, are no exception. Part of the reason Swanton unionized was to show that a constructive relationship was possible.

The union contract recognizes the dignity of farm labor, formalizes the farm's commitment to fair labor practices, and provides an arena for workers to have a voice in the workplace. Through the union Swanton workers have a medical and pension plan. Negotiated every three years, the contract also delineates vacation and holiday pay, seniority and grievance policies, and a more recently introduced Employee Stock Ownership Plan (ESOP), the first of its kind for a farming operation.

Since 2005, workers have received shares in the company based on their annual earnings and years on the job. The shares are valued based on an outside evaluation of company performance. The goal is to offer long-term workers the opportunity to have a stake in the company and to realize an additional benefit upon retirement.

Administration of the plan is not without its challenges. It has taken time for individual workers' accounts to grow to the point of being financially meaningful. It also takes seven years for workers to become eligible to

receive the full value of their accounts. Even so, it's an exciting challenge to traditional ownership models in agriculture, which are deeply tied in to the family farm ideal.

While the Swanton Berry Farm model has required significant risk-taking in a highly competitive and supremely conservative industry, it has also proved successful. From four acres in 1983, the farm has grown into a 200-acre operation growing strawberries,



A worker checks the boxes of freshly harvested berries – photo credit: Ansley West

cane berries, and vegetable varieties suitable to the cool, foggy climate of California's Central Coast. Annual sales have reached \$2 million and profits have been positive for most years, averaging about 3%. Customers can find Swanton produce in farmers' markets, independent natural food stores, and Whole Foods markets in the greater Bay Area. Every year, thousands of people visit our farm to learn about organic strawberry farming, pick their own berries and sample our farm made jams and bakery treats.

Swanton has also been involved in two major projects to develop social standards for US agriculture. The first in 2003, the Social Accountability in Sustainable Agriculture Project, included a team of international social and organic certifiers. In 2006, the second pilot turned into an ongoing collaboration with the Agricultural Justice Project (AJP), a certification system based on the experiences and involvement of food and farming operation owners and workers alike. As a member of the Domestic Fair Trade Association, Swanton works to raise awareness about the connections between ecological sustainability and worker justice.

Despite over five years of work to promote the concept of domestic fair trade, Swanton Berry Farm has yet to become certified. Just as it took many years for organic agriculture to catch on, it has taken time for the concept of social certification to gain traction. As usual, consumers are ahead of farmers. Even a quick scan of the food blogs suggests that consumers and activists increasingly understand that "knowing where our food comes from" entails attention, not only to the farmer and the land, but to the wages and working conditions of the agricultural workforce. That's why Swanton is working with other farms in the area and with our organic certifier, CCOF, to bring domestic fair trade certification to California. ■

# INEZA: A Family of Hope

By Susan Moinester

Turn off one of the bustling streets in Kigali, Rwanda and onto a rut-filled dirt alleyway, follow the buzz of sewing machines augmented by the sounds of laughter, singing and an occasional disagreement, and you will reach the entrance to the INEZA Sewing Cooperative. There, tucked away behind a metal gate, INEZA gives an inspiring example of economic development through fair trade.

Through a system of mutual support and collective decision-making, the twenty-five-HIV

INEZA (Kinyarwanda for “doing a good deed”) was started in 2006 by Women’s Equity in Access to Care and Treatment (WE-ACTx – [www.we-actx.org](http://www.we-actx.org)) an international non-governmental organization (NGO) headquartered in Kigali, Rwanda. Founded in 2004, WE-ACTx offers comprehensive HIV/AIDS treatment to women and children in the form of primary care, antiretroviral (ARV) medications, mental health services, and education. Since its inception, WE-ACTx has worked with its patients to develop additional programs and opportunities to address

feed their families. The twenty-five women who formed INEZA were some of WE-ACTx’s most impoverished and sick patients, many having contracted HIV/AIDS through rape during the 1994 Rwandan genocide. These women, determined to support their families, formed the collective and began sewing traditional fabric dolls. The importance of this enterprise to the health and welfare of the women was summed up by one of the founders, Marie, when she said: “Waking up is better when you have a place to go to work.” However, with limited demand,

INEZA soon realized that they needed to produce more sophisticated products in order to generate a living wage. WE-ACTx responded to their needs with donated sewing machines, a clean working facility and a Rwandese trainer/designer. During the next two years, the members of INEZA increased their sewing skills and expanded their product line from dolls to personal and home accessories. However their market was limited and competition from other sewing groups was intense. In addition, due to the high cost of fabric and inefficiencies in production, INEZA members were still not making a living wage.



Photo Credit: Jonathan Wallen

positive women who comprise this cooperative are meeting their basic economic needs while also developing a sense of individual empowerment that transcends the workplace. Their membership in INEZA is helping them to tackle the physical, psychological and cultural challenges that face so many Rwandan women today.

two major barriers to fostering health and wellness in Rwandan women: poverty and lack of sufficient nutrition.

In 2004 WE-ACTx partnerd with the World Food Program to provide their patients with supplemental nutrition, but by 2005, the food subsidies had ended and WE-ACTx’s patients found themselves with no way to

Manos de Madres became involved with INEZA during the summer of 2007 as a result of cofounder Margot Moinester’s internship with WE-ACTx. Manos de Madres is a U.S. nonprofit organization dedicated to carving pathways out of poverty through women’s income generation initiatives. Beginning with projects in Honduras in 2003, Manos works exclusively with women’s groups in emerging

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or existing cooperatives and provides financial, technical and business training support as well as creative assistance in product development and production. In addition, Manos de Madres provides a vital international market and – as a cornerstone of fair trade practice – guarantees a living wage for all producers and reduces the cash-flow burden by providing up-front payment for materials. Manos is a member of the Fair Trade Federation and Green America.

Manos de Madres assisted INEZA in designing and producing a product line targeted to the U.S. and European markets. While still utilizing traditional vibrant African fabrics, the collaboration resulted in fashion-forward personal accessories featuring highly desired functional elements for the Western consumer. In addition, Manos de Madres funded training for INEZA to improve production efficiencies and to learn how to price products in an effort to insure a living wage. The line was launched at the August 2007 New York International Gift Fair and was an instant success, with Manos de Madres receiving orders from prestigious museum gift shops, galleries and a wide range of retailers throughout the U.S.

This summer marks the four-year anniversary of Manos de Madres' involvement with INEZA. The collective is now a fully registered cooperative, which insures democratic management and distribution of funds. The women are recognized as highly skilled tailors and their products can be found in a wide variety of shops throughout Rwanda, the US and Europe. They have evolved from just being grateful to have a place to go every morning to healthy and successful businesswomen. To again quote Marie: "We are INEZA - a sewing cooperative of 25 women living with HIV/AIDS in post-

**“Waking up is better when you have a place to go to work.”**



Photo Credit: Jonathan Wallen

genocide Rwanda. We view INEZA as a family of hope where we have the opportunity to make an income to support our families and ourselves. We no longer live in desperation, but are INEZA – doing well!”

However, despite INEZA's success, the struggles to operate independently, to consistently generate a living wage for all women in the cooperative, and to realize economic sustainability continue. These struggles are principally due to the persistent problem of the extraordinarily high cost of raw materials in Rwanda, competition from other Rwandan groups whose production is subsidized by NGOs, as well as competition from producers in other African countries whose materials and production costs are lower -such as Uganda and Ghana.

In addition, INEZA finds itself at a challenging crossroads in post-genocide Rwanda. Over the past 17 years, the nation has emerged

as one of Africa's fastest growing economies and a center for white-collar industry. Cooperatives, like INEZA, and their NGO supporters are questioning their future in Rwanda's rapid development plans. At this point, however, the government appears committed to preserving the integrity of cooperatives and their role as a buffer between a largely agricultural economy and the high-tech-oriented economy Rwanda hopes to become. Cooperatives like INEZA may not be on the cutting edge of business growth in Rwanda, but their collective work is a source of vital income, personal empowerment and improved health. The women of INEZA are winning the battle against poverty and HIV/AIDS and are realizing the quality of life gains that development is supposed to – but does not always – generate. “We no longer live in desperation but are INEZA - doing well.” ■

For more information on Manos de Madres visit [www.manosdemadres.org](http://www.manosdemadres.org).

# Quinoa: Alter Eco's Story

By Mathieu Senard and Edouard Rollet

More than ten years ago, a group of friends banded together with a shared passion for economic and social justice in developing areas of the world, who were also passionate about food. Out of this shared interest, Alter Eco took shape. How could we translate a passion for sustainable economic development, and an interest in food, travel, and adventure, into a viable business model?

This is the essence of Alter Eco – a values-based brand of specialty food products that brings delicious, exotic, high-quality and healthy ingredients from around the world to people here in the United States for their delight and enjoyment, while directly benefitting the small-scale farmers who grow these products. The path of Alter Eco and its products, in effect, address many of the tough questions we face about the foods we eat today: Where does our food come from? Who grows these products, and are these people treated fairly in return for their work? How can we reduce environmental impact and ensure an ethical supply chain while also delivering a higher quality, more nutritional product to our customers?

Alter Eco decided to address these issues directly by launching a brand that is 100% Fair Trade, Organic and Carbon Neutral. We often say that we are on a quest for “perfect products”: foods that are good for us to

eat, good for the farmers to grow and non-harmful to the environment. The last piece of the puzzle to our quest is a biodegradable or home-compostable packaging material, which is coming up! The technology is on its way and Alter Eco wants to be one of the first companies to launch it into the marketplace.

One can see the results of our commitments firsthand in the exceptional taste of our products, and the stories they tell. As a company, Alter Eco is committed to delivering food products that capture distinct attributes of various regions around the world, products that reflect the diversity, traditions and cultures of the places where they are grown, such as:

- Three types of ancient Quinoa whole grain grown on the high plains of the Bolivian Altiplano—pearl, red, black, as well as a mix of the three that we call Rainbow.
- Four heirloom Jasmine rice varieties from Northern and Eastern Thailand—white, red, coral, and ruby rice.
- Seven flavors of yummy dark chocolate bars made from Criollo cacao beans grown in the Bolivian Amazon, manufactured in Switzerland by a chocolatier with 100-years of experience.

- Unrefined Mascobado cane sugar from the Negros Island in The Philippines, the most natural cane sugar process there is, preserving taste and nutrition.

At Alter Eco, we are fully committed to small-scale farmers and their families, and as such have developed an extensive auditing process for all of our growers to ensure fair wages, good working conditions and hours, and opportunities for economic growth and development. We are fully committed to Fair Trade as 100% of our products are certified by FLO standards (certified by Fair Trade USA in the US). There has never been and never will be an Alter Eco product that is not fairly traded. We thrive by guaranteeing that growers have enough revenue to feed themselves and their families, send kids to school and believe in a stable and decent future. A fair price paid for their crop can help farmers achieve that. The additional fair trade premium paid directly to the co-operatives also helps these communities finance local community development projects.

We are also committed to healthy, good-for-you organic products that come from a healthy, vibrant diverse ecosystem. The transition to organic agriculture from intensive use of pesticides also has a very positive impact on farmers' health. They used to dig themselves



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into debt in order to purchase pesticides that would in turn poison them. The transition to organic agriculture freed them from the tyranny of pesticides and improved both their own as well as their consumers' health. A healthy farming community leads to healthy foods that create a better and happier world for all.

An example of how a fair trade crop can change the economic landscape of an entire region: the story of Quinoa, and how fair trade can ensure food sovereignty in local communities.

Quinoa (pronounce keen-wah) is known as the Supergrain of the Andes. 13,000 feet up on the arid, desolate Salar De Uyuni salt flat, traditional Quechua farmers tend to the coveted "quinoa real," an indigenous plant cultivated only in this very spot. This pearl-shaped, nearly perfect nutrition source was so revered by the Incans that they called it "chisaya mama" or "mother grain." We call it nutty, delicious and endlessly versatile.

The production of quinoa is a yearlong process: 8 to 9 months between sowing, in late August, and harvest, in early May. The process, mostly manual, is as follows:

- **August to October: Field preparation and sowing:** Cleaning, clearing up, plowing, sowing one plant every 100 cm (40 inches) within rows, and 60 cm (24 inches) between rows.
- **October-November: Follow-up,** the producers cover the shoots to avoid dehydration and set-up butterfly traps before the reproductive cycle of butterflies.
- **December:** The producers **manually weed the fields.**
- **February:** Producers may use a natural organic-approved insecticide to kill and deter "qakos," one of the most devastating bugs. A **clearing-up** may also be performed at this time.
- **March-May: Harvest** (when moisture content of the grains is approx. 80%) The use of sickles is increasing as a means of preventing soil contamination of the grains and other impurities.

- **April to May: Manual separation of grains,** selection of grains for future planting, and drying to a moisture content of 20%.

**10% of the harvest is kept by the producer for his personal consumption and to be used for the next sowing.**

Several articles in the US media in the past couple of years stated that the rise in the price of quinoa suddenly made quinoa unaffordable to local populations, which was directly responsible for malnourishment in Bolivia. For several years now, we at Alter Eco have studied the impact of the increase in the price of quinoa on local populations, specifically in regard to malnourishment. At the farmer level—the poorest among the poor in Bolivia—what we have found, with our co-operative partners, is actually the opposite of what these articles say.

Each year, fair trade farmers have been able to set aside quantities of quinoa in order to feed themselves and their families, and they are able to do so precisely because the price of quinoa is now high enough. Higher revenues allow them to diversify their eating regimen and also to keep personal stores of the precious grain. Higher prices, as well as fair trade premiums, also help improve their lifestyle in other ways—for example, by building schools, improving roads, buying cattle, etc.

The rising profile and price of quinoa on the world market is a unique opportunity for one of the poorest regions in the world to transform itself. It is critical, however, that fair trade practices be respected among importers, distributors and retailers in developed countries, so that the farmers get a fair share of the higher price of quinoa on the shelf. As for the rest of Bolivia, in the cities outside of quinoa growing areas, it is true that quinoa has today become quite expensive for local populations to purchase. Yet, the rise in the price of agricultural commodities is a global phenomenon that benefits farmers and causes hardship for the landless urban poor, not just for quinoa. And, as with other commodities, increasing demand for quinoa in the West makes quinoa farming more attractive to farmers, particularly if trade is on fair terms, and will balance demand and supply.

Alter Eco's corporate mission and raison d'etre is to help support the disenfranchised of the global economy. We stand side by side with the poorest farmers in the world, to help them get a fair price for what they produce in order to improve their lives. What is happening in Bolivia today is a fantastic opportunity to help these communities, as long as fair trade standards are guaranteed. At this point in time, we can safely assure Alter Eco consumers that the purchase of our fair trade quinoa has a very positive impact on the people that currently need it the most.

Thank you for supporting Alter Eco and its fair trade mission, we look forward to updating you soon with products found on recent adventures to the far corners of the world. ■

## QUESTIONS TO CONSIDER

Early fair trade commodities focused primarily on non-essential crops like coffee, tea and cocoa. As fair trade continues to grow into primary food crops, like quinoa and rice, we must consider the impact these purchases have on local communities.

- How can fair trade ensure and support local food security when exporting primary food crops?
- What protocols should companies and manufacturers follow when purchasing these products to safeguard?
- What role do fair trade standards play in promoting local self-development and well being for participating communities?

### Send a Letter to the Editor:

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# Voices from the Field: Breaking New Ground with Organic Fair Trade Alcohol in Ecuador

Ryan Zinn, Fair World Project Campaign Director, interviewed CADO President Cecilia Arcos and Internal Control System team member, Luis “Fredy” Avalos.



In photo from left to right: Cecilia Arcos & Luis “Fredy” Avalos

Deep in the foothills of the Ecuadorian Andes, small-scale family farmers are growing sugar cane on steep hills. CADO, or the Sweet Organic Agro-craft Consortium (Consortio Agro-artesanal Dulce Orgánico in Spanish) is a consortium of five small regional sugar cane producer groups, representing 18 communities in two provinces. Each producer group is represented in CADO by a President and a technical team. Each President is elected to a 3-year term. Founded in 2003 with the support from Rural Forestation and Progress Network Corporation or CRACYP, an Ecuadorean Non Governmental Organization, CADO’s mission is to facilitate fair compensation and local self-development for member families. At present, CADO produces organic and fair trade ethanol for use as a solvent, diluting agent and carrier of fragrances in personal care products, perfumery and industrial processes. Some of its output is sold as potable organic alcohol for use in the liquor industry. To document its commitment to fair trade to its customers, CADO recently obtained certification under IMO’s Fair for Life program.

CADO members are small family farmers that produce sugar cane for alcohol production and other crops, like banana, for personal consumption. The vast majority of the sugar cane is fermented for alcohol production, with a small percentage of cane juice

used to make sugar. CADO members generally own their own land, with most parcels averaging between 2-5 hectares (5-12 acres). Historically, alcohol producers have used a combination of low-tech distillery equipment like metal drums and animal powered mills. With the support of CADO’s low-interest loans, CADO members are now transitioning to stainless steel stills and diesel powered mills. These and other technical advances have greatly improved producer efficiency and the quality of the alcohol.

Among CADO’s customers are the UK’s Body Shop and Dr. Bronner’s Magic Soaps. The Body Shop sources CADO alcohol for several products, such as its Love Etc...™ perfume. Dr. Bronner’s will use CADO’s alcohol in its organic and fair trade Hand Sanitizing Spray and other products.

## Ryan: Tell us a little bit about CADO.

**Cecilia:** “CADO was formed to organize poor sugar cane producers in the region and allow them to add value to their product. CADO pays members a fair price for their alcohol and invests in local community projects. CADO’s headquarters is in the town of Palo Seco and the consortium serves the provinces of Bolivar and Cotopaxi, two of Ecuador’s poorest provinces. CADO has 198 member families. CADO obtained organic certification in 2007 and the consortium initially focused on the domestic antiseptic and the national drinking alcohol market.”

## Ryan: What has fair trade meant for you?

**Fredy:** “For my family, a fair price [for our organic alcohol] is very important. It allows us to provide for our family and send our children to school, it allows us to survive. Before fair trade, we were at the mercy of intermediary buyers. They often set the price for our alcohol at below the cost of production. Now, we can count on a stable and profitable price and a stable market. With CADO [and fair trade], I now receive more than double the local price for alcohol. I have also been able to invest in new technology on my farm, including new distilling equipment. This new technology has made me more efficient and has improved the quality of the aguardiente.”

## Ryan: What has been the impact of fair trade for CADO members?

**Cecilia:** “Fair trade is more than a fair price. It is about building consciousness in our communities. It is about acquiring the tools to be self-reliant... It is about lifting up the poorest of our members and making sure no one is left behind. As a consortium cooperative, CADO has been able to provide resources and technology to members that not only improve quality and

resources, but [workplace] safety as well. Members now have safety measures in place to protect them while milling and distilling sugar cane. With newer distilling equipment, CADO members can reduce the time it takes to produce alcohol and improve quality, both of which lead to better prices for producers. Another important impact of CADO’s work around fair trade has been education. CADO and fair trade policies do not allow for child labor. Now children of CADO member families regularly graduate from high school, where before most would only reach 3rd or 4th grade.”

## Ryan: As a fair trade and organic farmer, what are some of the steps you have undertaken on the farm?

**Fredy:** We work hard at improving soil fertility by using organic fertilizers. This improves yields, outputs and profitability. Organic farming also helps control pests. We use all the spent and dried sugar cane to fire our stills, thus eliminating the need to cut down trees for fuel wood. Another important aspect is protecting our forests. We set aside and preserve the existing forest. The forest provides the family and still with a steady water supply. We are also planning to reforest land that was logged long ago.”

## Ryan: What other projects is CADO working on?

**Cecilia:** At CADO we are looking to diversify our offerings and not be dependent on just one product or buyer. We are launching a few new products in cooperation with other organic and fair trade producers in the region, including cocoa and coffee liqueurs. These liqueurs use milk, cream, sugar, cocoa, alcohol and coffee from small organic and fair trade producers. We are also developing an artisanal rum and a farm-stay eco-tourism project. ■

# The True Cost of Bananas

by Phyllis Robinson



“We were willing to continue selling our bananas to Dole. We just also wanted to develop our own markets and sell to them directly. We wanted to be independent and be treated fairly. Dole wouldn’t do it. They said we had to sell them all our bananas or they would stop buying from us altogether.”

-Jorge Nunjar Domador, President, APOQ Co-op, Querrecotillo, Peru

relationships with buyers. There was big demand in Europe. The farmers knew how to produce high quality, organic bananas. Why couldn’t they also handle relationships with international buyers, the washing, packing and exporting? Why not own and manage the entire business themselves?

“It wasn’t that we necessarily wanted to compete with Dole; we just wanted to export some of our bananas on our own,” Jorge Domador said. Dole wasn’t so enthusiastic. The company had invested money in infrastructure and didn’t want direct competition from the small farmer organizations. Maintaining the farmers as suppliers was working just fine.

Nevertheless, by the late 2000s, both APOQ and CEPIBO had succeeded; they were exporting directly to the European market. Dole responded by cementing the wells they had dug and ripping out their packing stations. How did things go so wrong?

## Behind a Banana’s Price

Bananas are the most frequently bought grocery item in the United States. They have a huge impact on a grocery store’s volume sales and profits. Retail lore has it that shoppers have the banana’s price etched in their minds and that this one item can influence where someone shops. Many stores are loath to raise the price of bananas.

This price ceiling poses a challenge to alternative importers like Equal Exchange, who then need to ask for higher prices from resistant retailers in order to pass along higher payments to growers. On the other hand, Dole, Chiquita and the three other companies that have dominated the global banana export market for over a half century, have the ability to pay high – at least for short periods of time – to squeeze out their smaller competitors. They then turn around and offer low to retailers in the north –

thereby eliminating competition on both sides. News about the practices of Dole and Chiquita in Latin America, and elsewhere, isn’t exactly... well, news. In 1954, Chiquita Brands, previously called United Fruit, helped overthrow Jacobo Arbenz, the first democratically elected president in Guatemala because his modest land reform ideas threatened to undermine the U.S.-based company’s profits. With CIA backing, the coup d’etat led to a 30-year civil war with over 100,000 dead.

Despite lawsuits and scandals about their treatment of workers and support of paramilitaries who have killed unionists organizing workers on their plantations, these companies continue to sell us their bananas. And we continue to buy them.

Years ago, I lived on the Atlantic coast of Costa Rica, downstream from a Dole banana plantation. The plantations were endless rows of banana plants, and off in a corner, matchbox housing for the workers. Volumes have been written about the alienation of banana plantation workers, and the drinking, prostitution, and related violence that fills the void.

I can’t forget the pervasive smell of the pesticides aerially sprayed over the groves and the fish that washed up dead on the shore of the river where I lived (the same river the community bathed in and drank from). Banana prices can remain unnaturally low when you treat workers and the environment with unnatural callousness.

So, in 2006, when Equal Exchange and a few partners decided to build an alternative banana supply chain to buy direct from small farmers, I was elated. Five years later, I was thrilled to visit the APOQ and CEPIBO cooperatives – some of Equal Exchange’s banana farmer partners – and hear how the extra dollar per case of bananas they receive as a fair trade premium had funded youth scholarships, health insurance, and social “safety nets”.

Usually, I buy Equal Exchange organic, Fair Trade bananas. I work there. I looked for a bunch the other day at my neighborhood coop, but they were out of stock. A month earlier, I might have reached for Dole’s organic bananas. But I’d just returned from northern Peru, where I visited banana co-operatives trying to wrestle out of Dole’s grip. I left the store banana-less but at peace.

## Small Banana Farmer Co-ops and Dole: A Tale of Two Banana Enterprises

Thanks to a government agrarian reform program, the Peruvian farmers that I’d visited owned small parcels of land. They had organized themselves into the APOQ and CEPIBO producer cooperatives. With their own land and fruit, their relationship with Dole was different than that of banana plantation workers I’d visited in Costa Rica (more on that in a moment). Dole provided training and technical assistance to the farmers to improve quality for export. The company installed washing stations and packing facilities. The relationship was pretty straightforward and not too bad: the farmers produced and Dole packaged and exported.

Things went well for a while - until the farmers had a new idea. They heard about fair trade’s higher prices, social premiums, and direct re-

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They'd also made production and commercial investments like CEPIBO's cable system. For years, farmers carried 100-pound bunch of bananas long distances to washing stations. Now they simply hook bunches to the cable and the pulley carries it to its destination. This single infrastructure improvement has saved the farmers considerable time and physical injury. Plans are underway to install this system in more communities.

In the coops' office, leaders pointed to a poster comparing the conventional supply chain chart (when they sold all their bananas to Dole) to their current model. CEPIBO's General Manager, José Maria Lecarnaqué Castro told us, "We've reduced that chain by one link because now we're also the exporter."

These small farmers' farms average 2.5 acres. But these farms are theirs. Many farmers also grow food to consume - corn and beans and other fruit. Life may not be easy, but it's integrated and healthy.

Sounds like a story with a happy ending?

Read on...

### Scarcity and Predatory Pricing: Buy High, Sell Low

Supply is down this year. Equal Exchange can't get enough bananas for our customers.

"Whether you choose to believe in climate change or not, it is real and it is affecting us," said Donald Lecarnaque Castro, President of CEPIBO's board of directors. In the fall of 2010, when average temperatures should have been in the mid 80s, they dropped to all-time lows. Northern Peru now suffers from an unusual and severe drought.

Rains in Colombia, excessive flooding in Guatemala and Honduras, and organic certification issues in Ecuador have also conspired to create fierce competition for a limited supply of organic, fair trade bananas. With banana supply low, and demand high, the competition has been brutal.

Dole sees it as an opportunity to regain its lost ground in Piura. While the company no longer owns the entire supply chain, it is now attempting to regain control of supply by driving up prices. By offering the farmers a price just higher than what the co-ops they belong to can pay, Dole can break the co-ops.

While logic might have it that rising banana prices should benefit small farmers, the price war is pushing co-ops to the brink. The co-operatives are losing some of their members who can't resist the temptation to sell to the highest bidder. Already, one of CEPIBO's twelve member associations has left the co-op to sell exclusively to Dole. In general though, José Maria Lecarnaqué Castro, CEPIBO's General Manager, told us, co-ops are holding on, surviving these predatory strategies.

"Dole offers higher prices and hand outs which they'll drop once they regain market control.

But the co-op belongs to the farmers. We've made infrastructure improvements, built packing stations. The co-op provides technical assistance to the members. That translates to knowledge and knowledge is power. That's more important to our members than today's higher prices."

His words were reassuring, but it was obvious that the co-ops are still worried. With good reason. According to Valentín Ruiz Delgado, representative of the Fair Trade Network of Organic Banana Producers of Peru, "These companies take advantage of the fact that we are relatively young organizations and new to the market, confronting very big companies who make use of their economic power." said Ruiz Delgado.

Equal Exchange recently negotiated new contracts with CEPIBO and APOQ, including higher prices to help them compete. But Dole raised its prices twice more. We are now paying \$2 more (over conventional prices) per case of

organic, Fair Trade bananas. In the meantime on the grocery shelf, the price remains steadfast at \$.99 a pound.

### Higher Prices That Equal Good Values

But it's not just the banana producers getting yanked around. Here in the U.S., the big 5 offer lower prices to retailers. Whatever the going price is for a pound of bananas, these companies offer their's for a little bit less. Small farmer co-ops like CEPIBO and fair



trade wholesalers like Equal Exchange find themselves in similar positions: how do businesses motivated by a social mission survive against a handful of multinationals that control the entire industry?

In the end, retailers and consumers will have to decide how much they value small farmers, co-operative organizations, independent suppliers, and their social mission. Are we willing to pay a higher price - one that reflects the true cost of a bunch of bananas - for those values?

I hope that one day, fair trade bananas grown by small farmers become a mainstream idea, and a household staple. Like CEPIBO and APOQ, we can tell Dole "no business-as-usual". Their unfair practices serve up bruised bananas - too sad and tasteless to be acceptable. ■



## October is Fair Trade Month

Participate in Fair Trade Month by calling upon brands and companies to "Be Fair" and source Fair Trade ingredients and products.

Learn more and take action at Fair World Project's BeFair campaign: [www.befair.us](http://www.befair.us)

# Certifying for Ethics: Leading Fair Trade Certifiers Break Down their Standards

Introduced and Interviewed by Sue Kastensen

When we purchase certified products, we expect them to meet a standard we both desire and understand. We want the label to be meaningful.

The process of certifying a product first involves multi-stakeholder input to set standards that clearly reflect intended outcomes. Measurable and verifiable criteria are then generated to articulate and quantify the standards. Finally, products and practices are inspected and evaluated against the criteria to verify compliance that the standards are met.

Organic certification for a product such as soybeans is a fairly clean process in the above mentioned chain. The standards, criteria and verification rather simple: synthetic pesticides and fertilizers are prohibited, and soil tilth and health should be built naturally. They are also governed by a single set of governmental regulations within each country, which assures consumers the label is meaningful and avoids the risk of fraudulent labeling. This level of commitment to widely accepted and regulated standards has grown the global organic marketplace significantly. But it wasn't always this way.

Organic certification was messy at first. Like fair trade today, there was a basic set of principles that different certifiers agreed on and adhered to. But beyond that each certifier had standards of their own to differentiate themselves and their interpretation of organic from other certifiers. Important differences included organic product content thresholds for organic claims. Some certifiers considered farm working conditions and wages important components of organic certification.

When the US Dept. of Agriculture (USDA) was mandated by law to develop regulations for organic certification, they shied away from including labor standards. Soon after, organic certifiers eliminated those criteria as well. Sadly, organic certification does not ensure farm workers are

treated or paid any better than on conventional farm. Consumers with high standards were left looking for alternatives that would ensure a deeper commitment to social justice from their food suppliers.

For many years fair trade practices were verified voluntarily through commitments within alliances and trade associations. This practice works fairly well with crafts where the actual "production step" is rather transparent, but not so well with supply chains involving agricultural commodities and complex processing operations. Large groups of smallholder farmers and large processing operations require a thorough evaluation and rigorous inspection to verify that workers are paid fairly, working conditions are humane, and farming practices are sustainable. Now the verification process becomes much more complicated.

The principles of fair trade seem simple: fair prices for goods, fair pay and conditions for workers, fair treatment of the environment for all to continue to benefit from and share, and an additional contribution to community development - but these ideals have nuances that expose complicated relationships.

Quantifying ethics into neat little boxes that can be checked off is very difficult. For starters, what does the term **fair trade** mean to you, or even the word **fair**? Does it include democratic representation in the workforce or producer representation in setting standards? How about community benefits and environmental sustainability? Must intermediate processors as well as final brand holders participate in fair trade practices as well?

To begin to understand what goes in to fair trade certification, Fair World Project asked three fair trade certifiers, Fair Trade USA (FTUSA), IMO and Quality Certification Services (QCS), to answer the following five questions about their fair trade certification program:

## 1. Do you have producer representation on the board?

Explain stakeholder participation particularly the role of producers and consumers.



### FAIR TRADE USA

Fair Trade is a global movement to alleviate poverty in ways that are socially and environmentally sustainable. One of the key pillars of the Fair Trade model is democratic participation in decision making processes. It's extremely important to the very mission of Fair Trade that community decisions are made by community members, empowering them to take their future into their own hands. This is why producer representation throughout the Fair Trade system is key to its success.

At the global level, the board of Fairtrade International (FLO) is elected by FLO's General Assembly, and includes:

- 5 representatives from the 24 Fairtrade Labelling Initiatives (includes Fair Trade USA)
- 4 representatives from Fair Trade producer organizations (at least one from each regional network)
- 2 representatives from registered traders
- 3 external independent experts



### IMO FAIR FOR LIFE

The approach of IMO—with local inspectors spending a lot of time with producers—ensures producer feedback is incorporated in the approach and philosophy of the Fair for Life program. Producers will be invited to become formal members of the new Fair for Life advisory board that is planned to be set up in 2012. Consumers of fair trade products certified by IMO expect that IMO does a diligent and accountable job in ensuring fair trade criteria are adhered to in production. Our stakeholders directly interested in IMO work include all producers, manufacturers and traders of products certified by IMO, as well as many national and international NGO's who work in the fields of organics, sustainable wild collection, and fair trade in general. IMO's Fair for Life program was developed under the principles of the ISEAL Code of Good Practice for Setting Social and Environmental Standards (P005, Version 5.01 - April 2010) comments were invited and considered from a wide range of stakeholders through public consultation in two consultation rounds.

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### FOOD JUSTICE CERTIFIED, QCS

The QCS board has farmer, handler, and consumer representation and benefits from the strong leadership of our Executive Director who was a farmer for decades. The board of directors has supported growers since its inception in 1987. Recognizing the disadvantages to small farmers in our increasingly industrialized and consolidated organic and sustainable food sector, QCS has specifically prioritized offering certification services to small farmers. The board has also participated in the creation of the Agricultural Justice Project since 1999 as a way to help sustainable family farmers differentiate themselves in the marketplace. Finally, the organization's outreach and education programs encourage direct links between farmers and consumers as a way of ensuring the livelihoods of small farmers.

In addition to farmer participation in the QCS board, farmers and consumers, as well as farmworkers, food coops, certifiers, and other food business workers have strong representation and participation on the advisory council and standards committee of the Agricultural Justice Project. The AJP approach recognizes the need for fair trade to consider all those who labor for our food as well as to actively engage them in setting the bar and overseeing the program. AJP stakeholders participate in standards revisions, oversight of AJP policies, and participation in the conflict resolution process as appropriate. The advisory council reviews all standards and policy changes at annual in-person meetings and on a regular basis via conference calls and email. The AJP standards and policy manual are available publicly on the website ([www.agriculturaljusticeproject.org](http://www.agriculturaljusticeproject.org)) and comments are taken on an ongoing basis in addition to slotted comment periods. Finally, the day-to-day management team of AJP includes a member-based farmworker organization, organic farmers and consumers, and representatives from farmer and consumer advocate organizations.

## 2. Do you certify entire supply chains? Explain your approach to certification and how it relates to the supply chain.



### FAIR TRADE USA

Yes, we certify entire supply chains. FLO-CERT, the international certification arm of Fairtrade International certifies groups at the farm level. FLO-CERT also certifies exporters, processors and manufacturers in the country of origin. Fair Trade USA is responsible for the certification of importers and manufacturers on U.S. soil.

Each level of certification is crucial to the maintenance of sustainable, transparent supply chains. It is also important to note that Fair Trade certification requirements are different in each sector of the supply chain. For example, at the farm level producer groups are audited against things like waste management, GMO's, greenhouse gas emissions, labor conditions, worker health and safety, and document traceability. On the trade level (processors, exporters/importers, manufacturers), groups are audited against things like physical product traceability, financial transfers and label usage. To be clear, Fair Trade certifies product supply chains, not companies.

[Ed. Note: Fair Trade USA is clarifying that the final brand holder in the supply chain is not certified against fair trade criteria.]



### IMO FAIR FOR LIFE

Fair for Life is a supply-chain focused certification—more so than other major fair trade certification on the market. This aspect is probably one of the key attributes that really sets Fair for Life apart, as there are requirements for certification of producers, which is similar to other fair trade certification programs, but beyond that we also require the buyers, as well as brand holders and intermediate handlers in the supply-chain to undergo audit requirements that focus on fair trade criteria, as well as social responsibility of their own operations (and how they treat their own workers). Also significant processing and contract manufacturing operations in the Fair for Life supply-chain are required to undergo social responsibility certification.

Another facet of our supply chain approach is that we require traceability and separation throughout the Supply chain, and therefore Fair for Life certified products can be traced all the way back to their individual certified ingredients production origin, and in this sense we are much more strict than other leading eco-social or fair trade certifications.



### FOOD JUSTICE CERTIFIED, QCS

Yes. AJP Food Justice certification is a combination of process and performance. Food Justice certification ensures compliance to the social justice standards for entities (rather than products) ensuring that all workers are protected when an operation is certified. The entire supply chain is encouraged to be certified; however, it is flexible enough to allow certification of small farms and businesses who do not have leverage to compel other entities to be certified. Labeling policies aim to accurately reflect where certification begins and ends.

## 3. What is your policy in regards to democratic participation in the workplace?



### FAIR TRADE USA

Fair Trade standards require that worker's freedom of association and collective bargaining rights are respected. Workers and employers have the right to establish and/or to join organizations of their own choosing, to draw up constitutions and rules, to elect representatives and to formulate programs. Workers are also protected against acts of anti-union discrimination, and are given the right to decide democratically how premium payments should be spent at the community level (for things like education, health care...etc).

It is extremely important for all workers to be fairly represented in the Fair Trade system. Through the requirement and encouragement of democratic decision making and collective bargaining rights, we see things like increased community involvement, women in positions of leadership and integrated efforts to improve business and production.



### IMO FAIR FOR LIFE

One of the minimum requirements of Fair for Life certification is for operations (throughout the supply-chain) to not discriminate against freedom of association, and not discriminate against worker representatives, as required by ILO Conventions 87 and 98. A written grievance procedure must be developed and communicated to all employees and workers of a company.





#### FOOD JUSTICE CERTIFIED, QCS

Democratic participation in the workplace is a bedrock standard of Food Justice certification. The standards require employers to inform employees of their right to participate democratically and to collectively bargain. The standards are backed by a thorough verification process that includes interviews with workers during inspection. This requirement means reliable verification of compliance. The unique participation of worker advocate organizations on the inspection team ensures more accurate verification of compliance with worker rights standards.

### 4. How do you determine minimum price for a product?



#### FAIR TRADE USA

Minimum prices are determined based on the cost of sustainable production as well as comprehensive consultations on what price is fair and workable. FLO regularly consults with industry partners and producers, who inform on the cost of production at the farm level and reasonable pricing schemes at the retail level.

Additionally, this minimum floor price fluctuates with the market. Fair Trade USA ensures that in return for their commitment to social and environmental sustainability through the Fair Trade standards, farmers receive a price that is always higher than the market price. When the market is high, like we see today, the Fair Trade price equals the market price. On top of this, farmers also earn an additional premium for community development, as well as a premium for organic certification.



#### IMO FAIR FOR LIFE

The minimum price for a product is determined by the producer, often in consultation with their buyers. The minimum price is based on cost of production and living wages, which includes some amount extra for savings and investment. IMO verifies these price calculations during the producer audit through extensive interviews with producers.

Therefore, IMO Fair for Life does not set a 'one size fits all' minimum price for ingredients, but rather relies on individual cost calculations of the producer operations themselves with their unique production costs and local market contexts to determine this important 'safety-net' price.



#### FOOD JUSTICE CERTIFIED, QCS

AJP standards protect farmers in markets experiencing extreme price volatility by requiring minimum fair prices to be negotiated by the farmer and buyer that overrule market prices when market prices fall below farmer's cost of production. This price must include consideration of additional product qualities and is based on world or regional price (whichever is higher) and documented farmer and buyer costs. In addition to minimum price protections, AJP standards require payment of a fair price. Fair prices are established by encouraging farmers to calculate their costs of production carefully and to set their prices so that they can cover these costs. Production costs must include living wages for the farmers and for everyone who works on the farm. AJP is designed to reward farmers and businesses who reject the status quo by ensuring comprehensive attention to transparency in policies and terms (including wage, prices, and financial realities). When a fair price is not financially feasible, the buyer is required to open their books to the farmer and justify their inability to pay a fair price. The same is required of farmers if their economic situation means they cannot afford to pay living wages. A strong tenant of the program is honest and open negotiations.

### 5. What are the considerations in the cost of becoming certified?



#### FAIR TRADE USA

There are a few different types of costs that members of the Fair Trade network may encounter. At the farm level, producer organizations incur a fee for certification, which is a very small percentage of their total trade. Grants also are available through Fairtrade International to help with initial certification costs. At the trade level, importers and exporters must also pay a small certification fee. Finally, at the retail level, brands are required to pay service fees to Fair Trade USA (varies by product, but aims at ~1% or less of wholesale price; discounts for volume, commitment, and promotion apply). In addition to certification, service fees support supply chain development, awareness building activities to create a market for Fair Trade products in the U.S., measurement and reporting of impact, and fundraising to support community development and R&D efforts.



#### IMO FAIR FOR LIFE

IMO only charges for the cost of the audit, evaluation and certification process, with an extra office and certification fee. The inspections are yearly. There are no license fees, logo fees, or volume fees.



#### FOOD JUSTICE CERTIFIED, QCS

Certification fees cover file reviews, inspection costs, and licensing fees. Since QCS is accredited to conduct multiple different certification scopes, such as organic and GLOBALGAP, we try to combine audits to bring costs down. For a client who is already certified with QCS for organic the AJP file review costs \$75 plus the inspection costs (which is client specific) and the licensing fee. AJP makes all its fees transparent in their policy manual available on the AJP website.

### Conclusion

In summary, we can clearly see a common understanding of the principles of fair trade among the three certifiers, but we also see differing approaches to verify the meaning. To learn more about what is behind these certifications and labels, you can review the standards of these certifiers on their respective websites. Fair World Project will continue to dig deep and report our findings.

Certification for ethics is not easy...to articulate, to quantify or to verify. The consumer is a very important stakeholder in the development of fair trade right now. Until we have global agreement and understanding of standards and criteria, as in the case of organic certification, the consumer is both the most important investor and the ultimate judge.

Fair World Project is excited to participate in the fair trade movement as it transitions from fringe to familiar. Join us in making trade fair for all. ■

Fair World Project is now accepting letters to the editor. Please share your thoughts! Send letters to: Fair World Project - PO Box 42322, Portland, OR 97242 or email comments to [editor@fairworldproject.org](mailto:editor@fairworldproject.org). Include your full name, address, daytime phone and email. The editorial team may shorten and edit correspondence for clarity.

# The Challenges of Certification for Fair Trade Crafts

By Tony Hall, Fair Trade Consultant

## Introduction

There is increasing consumer demand for products in mainstream stores and supermarkets that are produced without exploiting workers, children and the environment. This is consistent with the principles of fair trade (FT), and is essentially a requirement to know about the supply chain from field or workshop to retail point of sale, and trust that the products are produced in compliance with ethical standards.

Wouldn't it be great if we could take a product to an in-store bar-code scanner and not only get information as to price and availability, but also who made it, under what conditions, how much was paid to the producers and how was it transported to the store? There would be information on wages, living conditions, mark-ups and carbon footprints – real visibility in to the supply chain.

As we are increasingly interdependent on our small planet, we must take responsibility for addressing these concerns and assuring sustainable, fair and ethical trading systems.

There are several initiatives that give varying degrees of independent third party assurance about green, sustainable, organic, fair trade and other ethical product dimensions. Ethical consumers place a value on these labels, and in most cases are prepared to pay a premium price for the ethical assurance given. However there remains confusion about the number of ethical dimensions and the credibility of the endorsing organizations.

## Fair Trade Craft Developments

The dominant certification and labeling organization in the world is the Fairtrade Labeling Organization (FLO) headquartered in Bonn, Germany, having 24 member operations in various countries. The US affiliate has recently changed its name from TransFair to Fair Trade USA, and is based in Oakland, California. FLO started by certifying coffee, then tea and chocolate, still the dominant commodities that are certified. However there is now an extensive list of commodities that are certified including cotton, wine, rice, flowers, honey, cocoa, sugar and many more. They are considering a move to certifying crafts, and to some extent have started with soccer balls and cotton. FLO certifies through its FLOCERT

subsidiary the commodity product itself and its supply chain.

However, certification of hand-crafted crafts under a single inflexible commodity standard is impossible due to the large number of craft product types (50,000+) and their dizzying array of source materials. Unlike homogenous commodity cash and food crops like coffee, sugar and cacao, no finished craft or producing community are alike. Another complaint about FLO is that it is expensive, and the smaller commodity producers as well as craft producers cannot afford the cost of certification for the right to use a label.



Traitional Tais Textile, Timor Leste

The World Fair Trade Organization (WFTO, formerly known as IFAT) has been investing in a craft certification, monitoring and labeling scheme now called the WFTO Fair Trade System. At their conference in Mombasa, Kenya in May 2011, it was decided to explore the possibility of using the WFTO membership and monitoring system as a way of certifying compliance with FT Principles. There is a trial system underway with over 60 participants, and a handful of craft companies are certified to use an interim craft label. However it is not clear what will happen due to financial problems with the funding of the scheme. There is however an emphasis on making the process cost effective and affordable.

Other craft certification initiatives include the "Fair for Life" scheme developed by the Swiss certifier IMO. IMO started with organic and commodities certification, and launched "Fair for Life" in 2006 as a brand neutral, independent certification system for social accountability and fair trade. They have cer-

tified a growing number of food and personal care brands in the U.S., as well as some brands of fair trade coffee who replaced their Fair Trade USA certification with Fair for Life certification. IMO's approach has the flexibility to certify very different crafts and producer contexts, but with rigor such that consumers can trust fair trade criteria are met. However cost of IMO certification remains an issue.

Another organization emerging as a fair trade craft certifier is EcoCert, based in France. They were founded in 1991, and began in the organic sectors for food. They developed in 2010 an EFT (EcoCert Fair Trade) Standard to guarantee organic and FT products. EcoCert has established a network of 23 offices around the world supporting operations in 80 different countries.

There are other certification initiatives in the US, including the Rainforest Alliance which does not certify crafts. The certification picture is fragmented and confused.

## Why Is Third Party Certification and Labeling Important?

Third party certification and label seals are important in the Fair Trade movement in order to assure compliance with the appropriate set of ethical standards. This is important to expand the buying public's interest and awareness of FT products, in order to improve the livelihoods of Fair Trade farmers and artisans. In the end the issue is one of consumer trust that a "Fair Trade" labeled product is indeed produced in a manner that meets fair trade criteria, versus an empty feel-good "fairwash" claim.

Third-party certification provides transparency to the complete supply chain(s) of a certified product, addressing important issues like fair prices and wages, good working conditions, lower carbon footprint for transport, and sustainable resources.

## Obstacles to Fair Trade Certification and Labels for Crafts

The fair trade craft sector is very complex and encompasses a wide range of raw materials and supply chains, including ceramics, stone, furniture, jewelry, baskets, textiles, apparel, toys and musical instruments. There are real

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challenges in certifying the whole of the supply chain, especially at the producer raw material and sub-contractor stages.

It is also necessary to certify the Fair Trade Organization (FTO) itself that trades in fair trade crafts, that they have systems in place that verify that the crafts they buy and sell are indeed fair trade, as it is prohibitive in some cases for an outside third party certifier to verify all the individual product lines. Some FTOs have as many as 4000+ separate product lines. The WFTO certification trials are dealing with and documenting these issues, which include:

1. Serious concerns about the costs of certification and the label
2. Complexity of the assessment system
3. Dealing with subcontractors, especially larger materials suppliers who will not collaborate with the FTO for certification
4. Marketing costs of establishing the new label.

Many of the larger Fair Trade retail chains essentially do their own due diligence on the issue of fair trade. They visit the producers to verify the application of FT principles. The largest FT-only retailer in the US is Ten Thousand Villages, with around 75 owned stores, and a network of 390 retail locations selling their products. Their sales are estimated at around \$25 million. Their mission reflected in their buying policies is to support poor and disadvantaged craftsman and their families.

The second largest FT buyer is SERRV International. They are a wholesaler primarily to churches and organizations staging their own festivals and events, with estimated annual sales of \$13 million. There are also a number of retailers and wholesalers in the \$1 - \$5 million revenue range, such as Global Crafts, Global Exchange and Handmade Expressions, most of whom are members of the US Fair Trade Federation.

In Europe there are over 4000 WorldShops, as the FT retail outlets are called. They are largely opposed to independent third party certification and labeling. Their Retail Brand name then becomes the label that “guarantees” that the product is Fair Trade. However this system is fraught with difficulties – the



Weaving on East Timor

retailer is not an independent player, the inspections can be casual, and there are many differences in the interpretation of FT Principles.

### Differences in Fair Trade Awareness Between US and EU/UK

There are significant differences today in the level of fair trade awareness and activities between the US and Europe. Fair trade really took off in the 1980s in Europe, where awareness of FT is now very high. This is especially true in the United Kingdom, where retailers like Marks and Spencers, and food producers like Cadburys (chocolate) and Tate & Lyle (sugar) have publicly signed on to the FLO-based certification system. Cadburys and Tate & Lyle have declared that they will be 100% fair trade in the near future.

The Fair Trade Towns movement also started in Garstang, in the north of England, and there are now 462 FT towns that endorse and publicize fair trade products. By contrast there are only around 25 in the USA, but the movement is growing in momentum, and the number includes San Francisco, Boston and Chicago.

The key difference between the US and UK/Europe was the timing of the launch of fair trade. In many European countries there are wide networks of FT retailers (over 4000 EU outlets) and very high levels of market share for FT products. Oxfam in the UK was founded in 1958 as Oxford Famine Relief, and they opened the first World Store for fair trade products in 1969. For example 60% of the bananas sold in Switzerland are FT, and almost 50% of the coffee in the UK is FT. Products like flowers, rice, and honey are widely available in the mainstream retail stores.

In the US, the competing ethical concepts of Organic – Green – Sustainable – Ethical etc. were all established before the concept of “fair trade”. Thus in terms of mindshare, there is more confusion and less understand-

ing about fair trade than in Europe. Fair trade as a concept has a struggle in the US market, and consequently is less developed.

The level of expenditures on fair trade items is estimated to be around \$1 billion in both the US and the UK, so per capita four times more in the UK. More than 80% of the total is accounted for by food and commodities, leaving crafts as the “poor relation” with a fragmentation of revenues across the various producer organizations. (Typically only 10-20% of the retail price gets back to the farmer/artisan.) FT revenues continue to grow strongly, with around 20-25% annual growth in FT sales, although there have been adverse impacts from the global recession (but not in online sales).

### The Way Forward for FT Craft Certification

The case for a FT Craft certification system is simple and compelling. In order to increase awareness and purchases of craft products, there needs to be a credible certification and labeling system that consumers trust.

It might be that WFTO will get its act together, and manage to establish a certification, monitoring and labeling system, but that is not clear. It might be that FLO and its US operator, Fair Trade USA will develop a system that will accommodate crafts. It might be that one of the new European based certifiers like IMO or EcoCert will become a significant craft certifier in the US market.

### Conclusions

For many in the US FT movement the relative underdevelopment of fair trade and the lack of a craft certification and labeling system is very disappointing. The lack of a craft label, even in Europe, has undoubtedly stifled the level of sales.

It is hoped that there will be new and successful craft certification initiatives that achieve the same success as the FLO label for commodities –or perhaps even a craft certification scheme under FLO that uses the same FLO label. Awareness, understanding and most importantly sales volume of FT crafts could then rise significantly in the US, thus providing much needed income and employment to poor and disadvantaged artisans and farmers. ■

Please contact Tony Hall for more information, including the relevant organizations:  
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# Fair World Tour

FEBRUARY 3-13, 2012  
**A NEW TASTE OF PALESTINE**

Please join the Fair World Project (FWP), Canaan Fair Trade and Run Across Palestine (RAP) to explore the emerging world of Fair Trade in Palestine. FWP's Palestine tour will provide a unique opportunity to learn from Palestinian farmers, workers and their families. Tour participants will discover the richness of Palestine's cultural and religious heritage, visit historic and off-the-beaten-track places, and experience the hospitality of the Palestinian people. The tour will also meet and accompany runners that are participating in the "Run Across Palestine" ultra-marathon event.

FWP Tours provide a unique opportunity to visit projects, businesses and organizations to expand and deepen your understanding of Fair Trade. Tour participants will have the opportunity to meet with farmers, cooperative members and artisans and learn firsthand the realities of Fair Trade.

## TOUR HIGHLIGHTS: VISIT & EXPERIENCE

- ▶ Palestinian Fair Trade Association farmers and producers, including olive, tomato and wheat farmers who supply Canaan Fair Trade
- ▶ Canaan Fair Trade's olive oil bottling facility in Jenin
- ▶ East Bani Zayd Organic Olive oil Co-operative
- ▶ Qasaba Market
- ▶ Cultural activities in Jerusalem, Bethlehem, Jenin, Ramallah and Hebron.

## HOW TO REGISTER:

- ▶ Register online and pay a non-refundable deposit of \$400 by November 1st.
- ▶ Register online! [www.fairworldproject.org](http://www.fairworldproject.org)
- ▶ Contact: Ryan ([ryan@fairworldproject.org](mailto:ryan@fairworldproject.org)) with any questions about this trip or call toll-free 800-631-9980

## PACKAGE INCLUDES:

**COSTS: \$2,000**

- ▶ 3 Star Hotels and Guest Family Housings; two meals a day
- ▶ On-ground transportation including airport pick-up and drop-off
- ▶ Translation and program activities
- ▶ Tour Guides
- ▶ Preparatory reading materials
- ▶ **NOT INCLUDED:** airfare, airport departure taxes, lunches, tips, and personal expenses. Single rooms are available for an additional overall \$400.

To learn more about participating in the Run Across Palestine please visit:  
[runacrosspalestine.org](http://runacrosspalestine.org)

