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Alternative Trade Organizations and the Fair Trade Movement

"Fair Trade" was originally conceived as a way to address disparities between conditions of small farmers in developing countries ("the Global South") and those of subsidized farms in industrialized countries (the "North") that have greater access to financing, crop insurance and other advantages. The goal was to help farmers stay on their land and build strong rural communities, and not be forced to give up their land and become farmworkers on plantations. These farmers are mostly on their own and face a wide range of marginalizing conditions, both economic and political, as well as environmental challenges. Fair trade pioneers agreed that one could best support small farmers in the Global South by providing them with: direct access to industrialized countries' markets; crop financing; a price floor should commodity prices collapse; and investments in basic community infrastructure such as sanitary water. Thus, fair trade would be a tool to fight poverty and inequality, which, through trade, would create a medium for small-scale producer communities to effectively organize and democratically improve their communities and societies. The fair trade movement had the overarching goal of achieving more equity in the world trade system for the benefit of all small farmers and workers, and sought to inspire companies to become "dedicated fair traders" whose major supply chains were set up and operated on fair trade principles.

These dedicated fair trade businesses, termed "Alternative Trading Organizations (ATOs)," have chosen to take the fair trade path with their business and address issues of social justice, economic equity and poverty in their supply chains. These ATOs are the backbone of the fair trade movement, with respect to both consumers and producers. They advocate for social responsibility in trade, build fair trade markets for small producers at the consumer level in the North, and are highly effective in helping producers in developing countries organize and reap the benefits of fair trade.

ATOs commit significant financial and human resources to producers' development. The most successful fair trade initiatives around the world have an ATO business behind them. Farmers around the world often do not have the capacity to organize a fair trade supply chain, nor do they have access to fair trade consumers in the North. ATOs help producers organize fair trade supply chains and sustain them through value-added fair trade markets in the North. ATOs can be non-profit or for-profit mission-driven businesses; the former were the true fair trade pioneers, but the latter are making broader, deeper, longer-lasting impacts.

Mission-driven business ATOs, first and foremost, are invested in a sustainable trade model. They can only be successful when the small-scale farmers with whom they are working are successful. They help address the economic and political obstacles faced by farmers, while building effective, profitable and sustainable supply chains.

In recent years, success and growth have caused significant changes within the fair trade movement. This in turn has sparked intense debate, especially in the U.S. where major shifts are apparent. Large multinational corporations are taking an interest in fair trade, and some fair trade organizations have celebrated these developments and introduced what they often refer to as "fair trade mainstreaming." The danger is that these multinationals are generally not dedicated to fair trade per se, but rather they look to exploit market opportunities created by a growing trend towards fair trade among consumers. While the fair trade community should encourage multinational participation in fair trade, we must stay focused on achieving more equity in the world trade system through high fair trade standards — and not dilute those standards in order to cater to large multinational companies that are not dedicated to the reform of global trade.

Unfortunately, major fair trade certifiers have proven all too willing to compromise on fair trade standards in their efforts to welcome these multinational companies. These compromises have been made in two crucial areas: one, through allowing large plantations to produce "fair trade" products that compete with those from small farmers in the Global South for whom fair trade was originally set up to help; and two, through lowering fair trade content thresholds in products that display fair trade seals to as low as 20%, or even 2% in some cases. Regrettably, these moves threaten to impede fair trade from achieving more gains in the future and will undermine the very standards and values that brought these gains in the first place.

It is due to the original ATOs and their fair trade campaigns that major corporations are now adjusting the way they do business — or at least are suggesting they are making such changes. The informational campaigns that ATOs lead and engage consumers with, and the examples mission-driven ATOs present, where trade demonstratively fights poverty and injustice instead of being the cause of poverty and injustice, put pressure on multinational corporations to adjust their practices in order to gain consumer confidence in their commodities. ATOs continue to be instrumental in creating the socially responsible consumer and investor environment that generally demands more ethical buying and investment decisions from business. But major fair trade certifiers should make sure that these large businesses meet real fair trade standards, rather than dilute fair trade standards to meet these corporations halfway, thereby compromising basic fair trade principles!

Accommodating multinational corporations by changing standards to integrate plantation farming into "fair trade" suits their agribusiness approach, while selling out the small farmers for whom fair trade was originally and primarily set up to help. While improving the wages and working conditions of farmworkers on plantations is a worthwhile goal to pursue, this should be termed

something else other than "fair trade" — which is first and foremost about helping small farmers hold onto their land and succeed economically, rather than having to sell their land to become farmworkers on a plantation in the first place.

While it is a gain to achieve better working conditions and better wages for workers at plantations, it is not necessarily a sustainable trade model, environmentally or socially, and it is not fair trade, as it does not involve transactions with small farmers. Countless examples over the past fifty years demonstrate that monoculture is not sustainable: think about the German forests with intensive tree farming, where all other plants were considered weeds to be uprooted, which proved disastrous for a second generation of trees; or the soybean plantations in Brazil, where whole farming communities were turned into farmworkers on vast monoculture plantations often abandoned ten to twenty years later by their sponsors, leaving workers jobless and homeless in the slums; or the watermelon farmers in Palestine who were encouraged by Israeli agribusinesses to plant seedless watermelons intensively as modern crops, without rotation, which caused the land to stop producing any kind of watermelon ten years later.

Large-scale agribusinesses take over and transform land originally cultivated by small farmers into plantations, turn those farmers into farmworkers, and cause the whole community and land to become one of monoculture. As the soil loses its regenerative capacities for lack of biodiversity ten, twenty or thirty years down the road, these corporations pack up and go to a new region, abandoning the land and the community. What happens is what happened in the past in Brazil and elsewhere in South America and Africa: farmworkers' skills become limited to the techniques of the plantation, such that they no longer have the skills or resources to rehabilitate the now depleted soil. They then, as a community of workers, cannot serve themselves and end up in slums.

Even if a large agribusiness pays fair wages at their plantations, the trade model cannot be called fair trade if it is not sustainable and does not last. The savings gained by these corporations who set up plantations, as opposed to working with smallholders farming their own land, is really a price to be paid dearly by the workers' communities and their children.

While the idea of bringing better working conditions and better pay to farmworkers on plantations is good, fair trade, as originally conceived to work with and help smallholders, is the more sustainable trade model, presenting a clear contrast to conventional trade. By maintaining true fair trade standards, we help farmers around the globe stay on their land and preserve strong rural communities. Confusing the fair trade mission by providing certification for plantations also confuses the fair trade message and degrades consumer confidence.

ATOs have been and remain the backbone of the fair trade movement, both in helping build fair trade producers' networks and supply chains in the developing world, and in building consumer awareness and markets in the North. The interest of multinational companies in fair trade products is very important to fair trade producers, as an increase in trade volume on fair terms should be welcomed. But our interest in larger volumes of trade should not sabotage the very foundation on which fair trade indeed rests: helping disadvantaged small farmers in the Global South access markets on fair terms, stay on their farms and build healthy, strong rural communities.

National Advertising Review Board Determines that Fair Trade USA's "Fair Trade Certified" Labels Should Reveal Percentage of Fair Trade Content in Multi-Ingredient Products

Dispute Over Integrity of Fair Trade Seals will Result in Increased Transparency on Labels for Consumers per NARB Ruling

On September 17, 2012 the National Advertising Review Board (NARB) panel recommended that Fair Trade USA – formerly TransFair – require users of the organization's "Fair Trade Certified" seal for composite products to provide additional information to consumers specifying the exact percentage of fair trade content on the front of product packaging. Fair World Project (FWP) believes that the NARB ruling will catalyze a new era of "best practices" for 3rd-party social and ethical labeling programs.

The NARB, the appellate review body within the Advertising Self Regulatory Council (ASRC), is composed of top national advertisers, advertising agencies, academics and professionals, including members from Xerox Corporation, Pfizer, Morgan Stanley, Nestle Foods, Campbell Soup Company, L'Oreal USA and Johnson & Johnson. The NARB provides a peer-review group to adjudicate disputes within advertising, which is administered by the Council of Better Business Bureaus (CBBB).

The debate over transparent labeling of fair trade ingredients was brought to the NARB as a result of a dispute between Dr. Bronner's Magic Soaps, Avon and Fair Trade USA regarding the misleading use of fair trade seals on products with only a minority of fair trade content. Per recommendation of the NARB, Fair Trade USA should reveal the percentage of fair trade ingredients as part of their "Fair Trade Certified" product labels. FWP believes this is particularly important where products contain only a minority of fair trade content. Consumers otherwise may believe a fair trade seal on product packaging means that at least a majority of the product's ingredients are certified fair trade.

Under Fair Trade USA's current "Fair Trade for All" policy, products labeled with the "Fair Trade Certified Ingredients" seal need only contain 20% fair trade ingredients by non-water weight. The NARB's ruling in favor of transparency in labeling puts pressure on brands to increase the quantity of fair trade ingredients in their products. Consumers will soon come to expect similar transparent fair trade labeling for food, clothing and other products not addressed specifically in the ruling. Proactive brands may even anticipate this inevitable demand and begin specifying the percentage of fair trade ingredients on their product labels before a supplemental NARB ruling occurs.

FWP commends the NARB's decision which will protect consumers from systemic fair-washing. Consumers will be better informed as to which products are truly supporting fair trade ingredients versus those that are using only a token amount to justify applying a fair trade seal, and they can then choose to have their ethical purchases reflect their values with deeper impact. Genuinely committed fair trade brands will benefit from the clear contrast between high versus low quantities of fair trade ingredients across similar products.

The official statement of the NARB regarding this decision can be found on their website,http://www.asrcreviews.org/2012/09/narb-recommends-fair-trade-usa-modify-composite-products-seal-to-better-inform-consumers-of-fair-trade-sourced-content/.

Help Stop Fairwashing!

Last November, Fair World Project started a blog series (fairworldproject.org/blog) unpacking labels with fair trade claims that has included, so far, private label chocolate bars labeled fair trade despite not meeting the labeler[1]s own standards and a bottled iced tea where the main ingredient, sugar, was not certified as fair trade despite a prominent label. If you see a product or company claim that does not seem right, please email us at fairwash@fairworldproject.org. Help us stamp out fairwashing and support the companies that do support fair trade producers and play by the rules.