



SERIES SOCIO-ECONOMY OF SOLIDARITY

Fair Trade Development proposals for the XXIst century

PROPOSAL PAPERS FOR THE XXIst CENTURY - CHARLES LEOPOLD MAYER EDITIONS

Proposal papers for the 21th century

The proposal papers are a collection of short books on each decisive area of our future, which assemble those proposals that appear the most capable of bringing about the changes and transformations needed for the construction of a more just and sustainable 20th century. They aim to inspire debate over these issues at both local and global levels.

The term 'globalisation' corresponds to major transformations that represent both opportunities for progress and risks of aggravating social disparities and ecological imbalances. It is important that those with political and economic power do not alone have control over these transformations as, trapped within their own short-term logic, they can only lead us to a permanent global crisis, all too apparent since the September 11th attacks on the United States.

This is why the Alliance for a Responsible, Plural and United World (see appendix) initiated, in 2000-2001, a process of assembling and pinpointing proposals from different movements and organisations, different actors in society and regions around the world. This process began with electronic forums, followed by a series of international workshops and meetings, and resulted in some sixty proposal texts, presented at the World Citizen Assembly held in Lille (France) in December 2001.

These texts, some of which have been completed and updated, are now in the process of being published by a network of associative and institutional publishers in 6 languages (English, Spanish, Portuguese, French, Arabic and Chinese) in 7 countries (Peru, Brazil, Zimbabwe, France, Lebanon, India, China). These publishers work together in order to adapt the texts to their different cultural and geopolitical contexts. The aim is that the proposal papers stimulate the largest possible debate in each of these regions of the world and that they reach their target publics whether they be decision-makers, journalists, young people or social movements.

Presentation of the Paper

« *Fair Trade Development proposals for the XXIst century* »

The proposals of the workgroup on Fair Trade, within the Alliance for a Responsible, Plural and United World, represent the provisional result of two years of collective international and inter-cultural debate centred on this question. They are based on experiments, discussions and innovations in this area, whilst relying on an understanding of their issues. They are certainly incomplete and open to discussion, but suggest many lines of thought and action suitable for the development and strengthening of action for Fair Trade. They form the pretext for the opening of further debate with all the relevant actors.

Fair Trade is defined as a series of socio-economic practices forming an alternative to conventional international trade, whose rules are universally unfair to Southern nations, and in particular to their rural producers. These practices have established relations between producers and consumers that are based on equity, partnership, trust and shared interest. They respect precise criteria, and pursue objectives from various directions: in order to obtain fairer conditions for groups of marginalized producers, and to develop the practices and rules of international trade with the support of consumers. During the last few decades, the Fair Trade movement has enjoyed a sustained development, notably in Northern Europe. Despite constant progression, differing strategies have emerged, and questions have been raised about the impact of these practices and their ability to present a real alternative towards sustainable and equitable development.

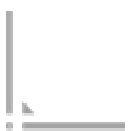
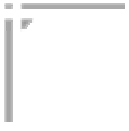
One of the main lessons arising from the discussions within this workgroup has been that the action of Fair Trade needs to be set in the larger context of an economy that is in the service of human beings. Fair Trade practices have no meaning unless they go beyond the field of North/South commercial relations to become part of the field of local or regional action, which is particularly important for strengthening solidarity between urban consumers and rural producers. National structures of fair Trade have been set up in several Southern nations, and South-South as well as North-North exchange represents an undervalued issue. Creating the Fair Trade conditions at different levels would also allow a better understanding of the environmental dimension to develop. A number of innovations have also come to the fore for clarifying and converging the criteria of equity and sustainability.

In this way Fair Trade can be seen as a group of practices in the North and South cultivating the solidarity for sustainable and fair trade and development, with many objectives, which is carried out under a framework of authentic partnerships, based on openness and access to information. Some of these have produced creative responses to the present challenges and questionings, notably the development of regional exchange and alliances in both the North and South, and through innovations in the area of certification and distribution.

The proposals put forward in this notebook relate particularly to the enlargement of the definition of Fair Trade, the necessity of working together with other practices within the economy of solidarity, the strengthening of producers' capacities for information and communication, the search for alternatives in the field of certification and distribution and the definition of a judicial statute for Fair Trade and the standards to which it has contributed. Four strategic axes have been proposed for putting them into practice: encouraging participation and communication between Fair Trade partners, promoting consumer information and the public recognition of Fair Trade, setting up operational alliances that contribute to the development of Fair Trade, and finally, developing tools and methods for monitoring international trade rules and practices, particularly through the creation of indicators of equity and sustainability.

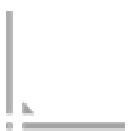
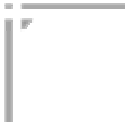
Fair Trade Development proposals for the XXIst century

Paper co-ordinated by Pierre W. Johnson, November 2001



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The context

The growth in international trade has increased inequality and insecurity

The expansion of international trade in food and industrial products goes back several centuries, yet its social and environmental effects remain largely unknown among those who take part as either producers or consumers. In the agricultural domain this trade has allowed populations, particularly in the northern hemisphere, to consume products that they couldn't produce under their own climatic conditions (bananas, coffee, cocoa in temperate countries for example). Another reason for the expansion has been the possibility of cheaper production in certain countries where labour costs are much lower. Initiated on the whole in a colonial context, this international trade enjoyed a slow growth up to the 1970s then accelerated, due to the waves of liberalisation set in motion firstly by GATT and then the World Trade Organisation.

International finance organisations, including the FAO, seem to be convinced of the advantages of this liberalisation both for the emerging nations and for nutritional security. However, an examination of the situation country by country and by industry, tells a more complex and mitigated story. Dividends from international trade, when they exist, are shared out very unequally and remain hidden, if not absent, in many areas. Liberalisation has opened weaker economies to the instability of international markets, especially those of agricultural products, dominated by multinational corporations in half a dozen countries.

These multinational companies, and their respective agents, have dominated most of the circuits, especially the most profitable. For example, a handful of multinational corporations control the banana industry, from production through to marketing, with disastrous social and environmental consequences. In order to reduce their economic risks, they have diversified their activities into other fruit, but their hold over each circuit remains just as strong.

The banana: an example of an unfair industry

The banana is one of the most widely consumed fresh fruit in the world. It is also the product that generates the greatest financial volume of exchange after coffee. 90% of the exports are for North America and Europe. 96% of the production takes place in the developing world, and the world's largest exporters are in Latin America. The conditions and structures of production are very different from region to region, but the majority of producers are economically very dependent on this product.

Three North American multinational companies and some European ones control 85% of the world trade in bananas. These control all the channels of production and marketing. For the most part they have their own plantations and transport, processing and distribution circuits. According to the organisation Banana Link, some of the consequences of this production structure are: unacceptable living and working conditions for most of the people who grow and cultivate the bananas, environmental destruction

through chemical additives and intensive production methods and the suppression of independent trade unions.

The European Union has set up a preferential system for bananas arriving from the ACP nations (Africa - Caribbean - Pacific), and in part for those of small and medium scale producers (though less and less since the price war). Since 1993, this policy has been attacked by the U.S.A., which has defended its corporations, and has to be eventually harmonised and made accountable to the regulations of free trade, as interpreted by the World trade Organisation.

The conditions of liberalisation represent a hindrance to development

The Uruguay Round of negotiations were concluded with a certain number of decisions, two of which we will mention : The obligation for industrial nations to reduce taxes on agricultural imports for the developing nations, to 36% over 6 years and to 24% over 10 years. In theory, since 1964 developing countries have benefited from exceptional treatment. But in reality under the GATT system, they have simply been granted a longer delay before the common rules were applied and subsequently there was effectively no special treatment. The application of common rules in contexts that are different can be unjust. For example, the developed nations can maintain the 1993 levels of agricultural subsidy, whilst the developing countries do not have the right to proceed towards equal levels of protection. This has resulted in a veritable dumping of products that are essential to human nutrition (mainly cereals, milk and meat) from the nations of the North to the nations of the South, with the potential to destroy national markets and food-producing products therein.

Since its introduction at the WTO (1994), the question of trade related intellectual property rights has also presented a threat to the economies of the ENs, since their interpretation by this organisation has sanctioned «privatisation of life» to the profit of those who hold international patents. Measures regulating investment tax, still being discussed despite the collapse of the Multilateral Accord on Investment project, have also prevented the EN's governments from encouraging the growth of an industrial network based on local production. Ever since Seattle (1999), civil society has become aware of the iniquitous nature by which the World Trade Organisation settles differences for the nations of the South, impeding their possible efforts for making a fairer system and above all subjecting the commercial law to economic and social law as well as to the environmental one.

As a result of this international environment, countries and regions suffering from hunger have, for decades, continued to export agricultural products to other countries that enjoy a food surplus. The nations of the North have continued to flood their Southern neighbours with heavily subsidized surplus cereals and other agricultural products. World trade structures have thus maintained an international division of work that has perpetuated a specialisation in export products for many nations of the South, without any demonstration of the advantages of such a specialisation.

Price instability for food products and nutritional safety: the case of coffee

Since 1989 and the break-up of the International Coffee Agreements, the international market for coffee, the world's number one agricultural export, has become totally de-regulated. Its price is in fact fixed at international level by the major commercial operators on the stock markets of New York (arabica) and London (robusta).

This de-regulation has resulted in a greater level of competition between producing nations, and therefore a greater instability in the price, which has seen large variations even over very short periods.

In Latin America, particularly, but also in Africa and Asia, hundreds of thousands of families of small producers depend on the sale of this product. During the last few years, the international price has fallen, and remained for a long time, below the level that allows producers to make a living from it (during the whole of the period from 1989 to 1994, the drop in 2001 is comparable). At the current price (about 50 dollars per 100 pounds on the international market), it is not even worth picking.

Since 1988, a Fair Trade label has guaranteed for groups of associated producers a minimum price of 126 dollars per 100 pounds (calculated on the minimum price enabling a family of small scale producers to live) and long-term sustained relationships, offering producers a certain degree of economic security in the medium term, which in turn encourages better nutritional security.

In the long term however, Fair Trade must address alternative strategies to a scheme of development that rests solely on promoting exports.

This situation of dependency has contributed to a loss of economic and nutritional autonomy in these regions, as well as the destruction of regions, which have lost their primary purpose of being places to live and have become nothing more than an annexe to a global production system. This is particularly obvious in the case of production systems that are based on large plantations where an artificial eco-system is necessary, characterised by monoculture and often the intensive use of pesticides that pollute the soil and endanger the health of workers (banana, sugar, cotton, pineapple, etc). The production from small scale producers is often less environmentally damaging, because of the greater need to maintain their natural capital and the lack of means to buy pesticides and chemical additives. However, even when organised into production co-operatives, they suffer the consequences of price instability, fixed on the international market by the large economic players (see box about the case of coffee below).

The response of the Fair Trade movement

Having noted these imbalances, non-governmental organisations, in partnership with groups of producers, have established an alternative approach to conventional international trade, and christened it "Fair Trade. This is defined as **"a commercial partnership that aims at a sustainable development for producers that are either excluded or disadvantaged. It attempts to do this by proposing better trading terms [for producers], through education [of consumers] to increase awareness and by leading campaigns."** (EFTA definition - European Fair Trade Association). During the last forty years, this movement has set up alternative channels based on

specific standards for an ever increasing number of products (food and craft products in alternative shops and recently labelled products in certain supermarkets). These channels encourage a more direct relationship with producers and offer them better conditions. As a movement it is explicitly targeted towards the nations of the South, but is different from aid assistance, common in the area of international cooperation. This is summed up in the slogan "Trade not Aid".

However, Fair Trade is not just a simple commercial relationship but one of **partnership** founded on equality and respect between the producers of the South and the importers of the North, Fair Trade shops, labelling organisations and consumers. The relationship goes beyond economy. By means of Fair Trade, the committed consumer acquires not only products, but also long term relations with their producers. This "humanisation" of the trade process is a demand shared not only by producers, but also by consumers from the North, a part of which wants more and more to be informed about the origin and social, ethical and environmental content of the products on offer. In its understanding of sustainable development moreover, Fair Trade naturally includes satisfying the basic needs of producers.

Fair Trade can be defined by four **basic conditions or criteria**:

- Having a direct relation between producers and consumers, avoiding as much as possible intermediaries and speculators.
- Fair pricing that allows the producer and their family to lead a dignified life. :
- "Everyone should be able to live from their work in a dignified way."
- In cases where producers are salaried, respecting working conditions that conform to the minimum international standards recommended either by the International Labour Organisation or the country itself, whichever are the greater, respecting the right to Union representation and prohibiting forced labour.
- The authorisation of partial financing before the harvest (in the Fair Trade movement, the minimum rate is 60%) if the producers so demand.
- The establishment of long-term contracts and relations, based on mutual respect and the respect of ethical values. The aim of these relations is not only a fair price but also sustainable development for groups of producers or wage earners.
- In some cases, Fair Trade organisations have also set up "Progress" criteria as well as minimum criteria.

Fair Trade organisations assure that all these criteria are respected. Certification agencies, control the partnerships whilst purchasing centres and alternative shops are committed to work in a framework of specified conditions and put all information at the disposition of clients and consumers (for more detail see the Actors section)

The **objectives** of Fair Trade could be summed up as the following:

- Obtaining fairer prices and conditions for groups of small scale producers
- Developing trade practices in the direction of sustainability and social and environmental cost accountability, through, for example, campaigning for changes in legislation.

- Raising awareness among consumers of their power to contribute to the development of fairer trade.
- Encouraging sustainable development and the expression of local culture and values within a context of cross-cultural dialogue.

Fair Trade attempts to increase responsibility among producers, who from their side must practice activities that are sustainable and open. The organisations that benefit must exercise internal democracy, and be independent of all political parties and the church. They must attempt to find a balance between the local and export markets, whilst preserving nutritional security. The profits from Fair Trade must be shared out collectively, if possible in local development (employment, health, transport, etc.). Women's participation must be taken into account.

Starting with general principles guaranteeing equitable trade relations and production conditions, Fair Trade organisations have developed specific criteria for the circuits in which they are involved (craft, coffee, cacao, sugar, banana, tea, honey, textile, etc.), since each product has specific conditions of production and marketing that need to be taken into account. For example these are not the same in the case of small independent producers (coffee) or in an agricultural plantation (tea, banana).

For independent producers the advantages of Fair Trade are obvious: they benefit from a direct access to the European market and other nations of the North. For them, this often opens new outlets in conventional markets within the same countries, allowing them to avoid an over dependence on the Fair Trade system, where the outlets remain limited (a small percentage of the market in the best cases). But producers have constantly stated that the existence of a Fair Trade market has a favourable influence on their relations with conventional operators. Even more than the fair price, it is often the obligation of pre-financing on behalf of the importer that is most appreciated by producers.

The progression of Fair Trade

It is impossible to separate the Fair Trade movement from the heightened awareness among consumers for the social and environmental costs of production. This increased awareness developed initially in the countries of Northern Europe, where it could be said to have benefited from the protestant mentality and the support of churches or states. The first Fair Trade label was born from a partnership between Dutch organisations and coffee producing organisations in Mexico. Recently, Denmark, Switzerland and Italy have undergone a large expansion in Fair Trade activity. In Holland, fair trade coffee accounts for 2.5% of the market, and bananas 5%. In Switzerland, these figures are 5.5 and 23% respectively. In other nations of the North there is a significant delay in development: a survey revealed that in October 2000 only one French person in ten had heard tell of Fair Trade (source: IPSOS).

In terms of commercial strategies and products, the introduction of the Max Havelaar label for fair trade coffee enabling it to become part of major distribution, created a small revolution and debates in the movement. Labelling has enabled the production and commercial conditions of each product to be checked, and has made it possible for sales strategy to be adapted to different

outlets, especially large-scale distribution. Other labels were subsequently developed for new products: coffee, tea, cacao, honey, sugar, orange juice, etc. Since 1997, the FLO, International Fair-trade Labelling Organisation, has worked for the harmonisation of criteria by product and producers' register share, by federation or member nation. Other certification organisations have used different labelling methods, for example those of the Swiss foundation STEP, is involved in the control of the conditions of production and marketing of carpets. (See Innovations/Actors)

For part of the population, Fair Trade reflects a new relation with consumption, mainly in the nations of the North. After decades of consumerism, in which consumer organisations themselves had taken part, a movement towards « responsible consumption », « ethical consumption » or « voluntary simplicity » took root. Consumers have started to question the origin and social and environmental content of products offered by large-scale distribution or industry, which generally was well hidden by big business. They have become aware of their power and developed into "Consumer-Wise". This movement was first of all manifested by the constant development of the market for organic agriculture, pushed notably by the growing concern of consumers in respect of the health and environmental consequences of industrial agriculture. It also explains the success of a number of campaigns, like Clean Clothes, questioning the practices of big businesses. These have responded in turn, although not always convincingly, with the development of codes of conduct and social labels. Obviously the development of Fair Trade implies working with this consumer awareness. **There is no Fair Trade without long lasting consumer responsibility.**

On the political level during the last few decades, the Fair Trade cause has developed slowly but positively in Europe:

- **During the last few years, the European Union has become aware and recognised the legitimacy of North-South Fair Trade practices¹.**
- **The partnership agreement between the group of ACP states (Africa, Caribbean, Pacific) and the European Community (Cotonou Agreement) mentions, albeit insufficiently, the «promotion of Fair Trade » as one of the objectives of the co-operation between the Union and these states.**

The development of codes of conduct by many companies in the recent past, and even the adoption of the Fair Trade idea within large companies or audit firms have shown the popularity of the idea. But there are warning signs for the clarity of the Fair Trade concept and its specific image.

¹ Document A4-0198/98 and communiqué COM (1999) 619 of the European Union

Questioning

During the last few years, there has been a clear and sustained advance of Fair Trade throughout Europe and the nations of the North. It is probable that this will continue and that the concept will become more and more known among the population. Already large audit firms and big business are catching on and preparing to launch their own « Fair Trade products ». An international standard of social accountability, the SA8000, was introduced several years ago, uniquely for the private sector. Offices have taken these up to extract criteria of « fair trade » to use for companies, though they have more in common with codes of conduct than the independent labels grouped together within FLO.

The first risk, as we have seen, is the trivialisation of the concept and a loss of control over its content.

There is no longer any doubt about the dominant economic system's ability to cash in on all the alternatives, including the quest for authenticity, of trade products. The term Fair Trade is not « copyrighted », and every inaccuracy and abuse in its use remains possible. If it is still limited it may be because the great wave of Fair Trade still lies before us. Ethical Trade, Fair Trade and Responsible Trade: the subtleties are not always clear for the consumer, and the informing and educating work of Fair Trade organisations remains essential in this area.

The establishment of codes of conduct by some companies also illustrates the increased awareness of consumers, and these companies, for their social and environmental responsibilities in relation to the conditions in which products are produced. However, the relationship between Fair Trade organisations and codes of conduct raises some important questions. Fair Trade labels were established within a framework of partnerships with producers. They have defined precise standards of equity for each product. In comparison, codes of conduct have had a larger impact but have usually been set up outside of any partnership, and often do no more than recognise minimum standards of salaries and work conditions (usually those of The International Labour Organisation). Despite the attempts that have been made in this direction, there exists today no independent organisation, unanimously recognised, for checking the conditions on the ground, and the cases where unions or human rights organisations have shown that codes of conduct are nothing more than paper promises are many.

In an approach that is characterised by partnership and assistance for responsible companies, codes of conduct and labels can be seen as complimentary methods. The extension of Fair Trade to agricultural products produced in plantations, like banana, tea or sugar, or even to a manufacturing sector, like carpets, could be interpreted as a link between codes of conduct defined and controlled by an organisation of Fair Trade, and a label taking up a more general theme. Two examples:

- The Max Havelaar label for bananas takes into account the respect of the minimum obligations of companies towards their work force.

- The STEP foundation has developed a code of conduct for the producers of Oriental carpets, which after checking on the ground allows a label to be granted in the shop.

The table below shows the differences between the two methods, from the point of view of objectives, targeted groups and their involvement, as well as the price and premium to producers. Product labels are better suited to products that stand clearly on their own, coming from independent producers, and codes of conduct are better suited to the products of industry, which employs salaried workers.

Principal differences between Fair Trade label and business codes of conduct..

	<i>Fair Trade label</i>	<i>Code of conduct</i>
Objective	Development of organisations of marginalized producers Raising consumer awareness	Implementing standards for the workforce
Target groups	Disadvantaged small-scale producers and wage-earners in developing nations	Salaried workers at international level
Extension	Labelling by product	Company/brand coding
Product price	Inclusion of social and environmental costs in product price	No anticipated measures
Premium	Aid for development	No anticipated measures
Participation	Partnership with producers and wage-earners Participation within the decision making process	Participation restricted to wage-earners in the firm

Table adapted, with the permission of the authors, from an article by Rolf Buser, consultant, and Paola Ghilani, director of Max Havelaar Switzerland and President of FLO.

The question of the impact of Fair Trade on the groups of producers and workers affected, and on local development, also deserves to be debated.

The advantages that groups of producers involved in Fair Trade can enjoy have been touched on above. They are without doubt of a commercial nature. It is much more difficult to understand the effect on the regulation of conventional circuits. Consequently, isn't the danger that only islands of development are produced? The type of development generated can also be questioned. Fair Trade champions a model of development resting on the expansion of the people's ability to be autonomous, on nutritional sovereignty and rural development. But, despite everything, doesn't focussing mainly on export production force us to rush towards producers with attendant risks, albeit watered down, that are the same nature as those strategies of "export-driven development" offered by international finance institutions? Admittedly, in the present context of deregulation and opening of markets, the mechanisms set in place by Fair Trade have allowed the most marginalized producers and workers to obtain benefits, but how is it possible to find a balance between the

demands of access to the world market and the local market? Therefore, real social development will not be produced without a strategy of local and regional development.

The practice of Fair Trade encourages citizens to reconsider their consumer habits. But, for this to be compatible with sustainable development, the thinking has to go further. Social and environmental conditions are closely linked. However, international trade often has negative effects on the environment that Fair Trade conditions do not necessarily identify nor counter.. Packaging and international transport are important factors in pollution. Are they part and parcel of the present-day context? For example, is it reasonable to encourage the creation of a label of fair trade flowers, destined for export, if we know that they will be transported by plane? Shouldn't Fair Trade be encouraging short commercial circuits, which tend to be both more ecological, and favourable to the further development of solidarity?

Solidarity, environment and consumer habits – the case of orange juice in Germany

A large part of the orange juice consumed in Europe comes from Brazil. Germany, a country that does not produce oranges, has the largest per capita consumption of orange juice in the world. Although the material intensity of Brazilian orange juice is clearly inferior to that which comes from the United States, which is produced from intensive agricultural methods, it has been calculated at 25 kilograms for each litre of juice produced for export. For example, 22 litres of water are required to produce one litre of imported Brazilian orange juice. When it is known that Germany produces blackcurrant juice, whose vitamin C content rivals that of the orange, would it be ecologically sound to launch a fair trade orange juice of Brazilian origin? Wouldn't it be better to develop fair trade markets for local juices produced by small-scale producers in the two countries?

Source: Wuppertal Institute (Germany)

Fair trade: What geographic dimension?

For the most part, Fair Trade is understood to be a movement of North-South solidarity that attempts to limit the negative effects of international trade. However, these effects are not limited to unequal exchange between North and South. Inequalities are also increasing within the nations of the North and within the nations of the South. The specialisation in industrial production of the former has meant a loss of a large part of agricultural production's diversity and function in rural areas over the last 50 years. Despite everything, agricultural exploitations in industrial nations have often been reduced to the unenviable role of being a cog in a standardised system of production and distribution, over which it has no control. In the Southern nations, the forced commercial openings have resulted in a dramatic decline of regional and national products available on the home market. The development of exports, even if they are equitable, will not solve this situation on their own.

Innovative commercial practices have attempted to reply to these situations, both in the North as well as the South. Several examples are given in the section; "Evolution of practice and innovations." They have not always taken

the name Fair Trade, but all the same have followed similar objectives and principles on a different level. In its own opinion, the field of action of the « Fair Trade movement » is situated mainly in the North-South context. The connections and synergy between these different levels of action has still not been translated into specific strategies of national or regional fair trading. Shouldn't Fair Trade's focus on International trade be re-examined? Will there be North-North and South-South Fair Trade? The future of Fair Trade could involve the development of shorter circuits and the establishment of national and regional fair trade markets.

What range of products and which methods of certification?

Up to now, the development of Fair Trade has mainly been due to product labelling, but both the associated cost and the method of distributing labelled products has caused a debate within the movement. The international labels of Fair Trade have proposed chains of production and commercialisation that are controlled vertically. This vertical arrangement has enabled the application of the criteria demanded, either by producers (in terms of the ecological and social organisation, and quality, of their production) or importers (commercial conditions, pre-financing, sustainability, etc.), to be strictly controlled through the setting up of a certification system that is independent of producers and importers. This method has seen a large increase in the market for Fair Trade products through mass marketing. Its operation remains both complex and costly and would not have been possible without the support of aid and development organisations nor that of certain governmental agencies.

Product labelling has been applied mainly to products whose commercial and production channels can be monitored and controlled. They are currently mainly concerned with seven agricultural products, on the whole tropical, (coffee, cacao, honey, tea, sugar, bananas and orange juice), for which Fair Trade has developed recommended criteria and methods. According to the European Union « food products account for about 60% of the turnover relating to retail sales for Fair Trade products, coffee alone being responsible for almost half of this ». This concentration on certain products of what is understood as Fair Trade in the North makes it easier for the consumer. But how long can it remain like this? Private companies and consulting firms are preparing to develop their own standards of equity. Furthermore, the development of a fair trade market of products transformed at source will allow producers to gain a greater part of the value added.

For a long time Fair Trade organisations and shops have also offered processed food products and craft-work, which has opened new markets and offers better added value for producers. But there is no general regulation that has been discussed or accepted that governs products whose composition involves several raw materials. A consumer product as ordinary as chocolate has provoked a controversy between two national Fair Trade federations in Europe. One certifies chocolate that is made uniquely from fair trade cacao; the other also allows the addition of fair trade cane sugar. Essentially, the cane sugar allows producers in the South, who do not benefit from the subsidies enjoyed by European beet sugar growers, to survive. This solution seems more equitable but could increase the cost of the product. Thus, Fair Trade

organisations are admitting that the price of a Fair Trade product cannot be substantially greater than the price of a conventional one.

This controversy illustrates the need for an international dialogue about certification for composite products. Beyond food and craft products, are even more difficult questions concerning the certification of industrial products or services like tourism. With the liberalisation of trade, this complexity can only increase, technically and geographically. The components and raw materials of any *jean* are gathered or assembled in a dozen countries at least and cover at least 65,000 kilometres before being sold to the final consumer. Consequently, how can we develop and control equity criteria in producer's revenue or workers' salaries? Does product labelling represent the best alternative to conventional trade, or is it possible to imagine other methods of control and certification for Fair Trade?

Even within Fair Trade, the different strategies and visions, which have been expressed through practices and debate, remain far from being uniform.

Two questions have been put to debate: distribution practice, and the relationship to large-scale private companies.

For the last fifteen years, **the alliance between Fair Trade labels and certain major distributors** has divided operators within the Fair Trade movement. The objective of this alliance was to respond to the need to extend the range of fair trade products. Those that champion this strategy remain convinced that by mass-marketing products labelled as equitable, the sector will become « contaminated », and as a result become more and more committed to respecting human, economic and environmental rights. Those that are at odds with this strategy have pointed out that Fair Trade serves as an alibi for mass marketing, simply allowing it to increase its range of products. The creation of a « niche » of Fair Trade products will in no way necessitate any change of practices that are harmful to other producers. In short they fear that Fair Trade will become distorted by mass marketing.

The coherence of the relationships between Fair Trade and the way its products are distributed is an essential issue for the long-term advancement of this movement. It is necessary to work alongside these operators towards the adoption of ethical standards and the distribution of fair trade products, by encouraging fairer methods of distribution, forging new links and inventing new forms of negotiation, if not pressure. In the search for a more complete strategy, consumers and governments must remain, or become partners at least as important as the distribution companies.

The relationship with major production companies (plantations, factories, etc.) is also full of controversy: should these operators be considered as full partners? Should Fair Trade set up ethical standards and criteria that allow those who conform to them to be certified, or should it be content with a role of observer and monitor, for example by using the codes of conduct that these companies can provide? The choice isn't necessarily mutually exclusive, since the methods set up by Fair Trade could include progressive criteria and include different techniques.

Apart from strategic questions, **the visionary standpoint separates operators of Fair Trade between the «regulators»**, who regard Fair Trade as a means of integrating groups of producers marginalized in world trade and to introduce certain regulations therein, and the **«transformers»**, for whom Fair Trade is not only a catalyst for a different form of trade but also a different way for collective structures to operate. Transformers often point out the risk of a drift towards liberalism, where the search for a bigger share of the market causes the objective of changing the system to be forgotten. If Fair Trade is conceived of as a simple collection of mechanisms designed to integrate, on better terms, groups of producers who up to now were excluded from international exchange, then its ability to bring about change will very quickly be absorbed by the dominant economic system.

In fact, the fair trade market of any given product will find it difficult to win more than a very small proportion of the total market. Admittedly, the Fair Trade movement will develop, in a permanent way, criteria for new products, through long-term work and an organisation that is more and more professional. But the list of products, usually for export, will naturally remain limited both in type and number. This is why fair Trade must go beyond the objective of extending market share and the number of fair trade products. Based on a different concept of the economy, it must remain as a lever to change the rules of world trade.

Conclusions

Unless we set Fair Trade in a larger perspective of changing the economic model, certain paradoxes will remain unsolved:

- Fair Trade's slogan is «Trade not Aid », but it is often thought of as aid that Northern consumers bring to Southern producers. But don't consumers have responsibilities in relation to producers and methods of production in their own countries? The conditions of agricultural production in the North influence not only the type of agriculture in these countries, but also the agricultural markets in the South.
- In order to support groups of small-scale producers in their efforts to widen their market, part of the Fair Trade movement has aligned itself with mass marketing. Yet doesn't this reinforce the international division of labour, and very low prices for producers? Up to now, the debate about distribution has not been resolved within the Fair Trade movement. Does this mean that every practice in the domain is validated?
- The products of Fair Trade are more and more accessible, or known, to the well-off population in the North and sometimes in the South. Shouldn't Fair Trade be considering a link with modest or poor consumers throughout the world, who would like to be involved in equitable and solidarity exchanges?
- Fair Trade has a pedagogical objective, the education of the consumer. In order to achieve this, it has attempted to enter into the existing market, which is based on the principal of availability of every product in every place. Yet is this type of « market », led by a globalisation of exchange, truly compatible with sustainable development? With sustainable trade? The question deserves to be raised.

The Fair Trade movement has enjoyed a significant development in recent decades, not only among nations of the North, but also in the South, where they have set up their own alliances, or labels recognised by international authorities. But let us not forget that this has also been a period of setback for the « decades of development » and development strategies based only on export growth. Part of civil society has become aware that alternatives to the current way our society operates unfold in a multi-dimensional world, where environment, sustainable development, nutritional sovereignty, education and health are strictly inter-dependent.

However, the habitual perception of Fair Trade remains that of a North-South trade of solidarity. This does not allow the paradoxes that have arisen to be overcome, and risks blocking the evolution of Fair Trade towards a wider movement that takes into account the questions of operators and innovations in the South, as in the North. An examination of the premises and objectives of Fair Trade, in short, an *aggiornamento* (adjustment) of the Fair Trade vision is called for. This must take into account the dimensions brought up above, and encourage the setting up of new alliances and strategies. The creativity and dynamism of operators of Fair Trade encourages the belief that this change is possible.

What paradigm for Fair Trade?

In order to maintain its power as a force of change, Fair Trade has to be conceived not only as a «commercial partnership that creates a sustainable development for excluded and disadvantaged producers»², but also as a collection of practices within an ideology of exchange, separate from the dominant economic model and vision of development, thus enabling other types of relationship between producers and consumers to become established, relationships based on equity, partnership, trust and shared interest.

Fair Trade can be defined as all economic exchange that allows the development of new forms of solidarity contributing to sustainable and equitable development of regions and their inhabitants. The sustainable nature of trade also presupposes the inclusion of social and environmental costs in the price of goods exchanged.

Fair Trade rejects the international division of labour and the conception of development which sees nations of the South as producers of raw materials, and agricultural products, destined mainly for export to the wealthier nations, and nations of the North as markets of mass consumption and industrial production, including the agricultural sector. Fair Trade attempts to use the principles, standards and criteria that it has developed as a lever, to help make the rules of international trade more equitable.

Partnership is the foundation and context for equitable exchange. It implies trust, freedom of information, equity and long-lasting relationships. The content of Fair Trade is not only economic and ecological, but also social, political and cultural.

Fair Trade is based on a re-socialisation of the merchant act, which has become de-socialised by consumer society. Economic operators in general, and consumers in particular, becoming more responsible is one of the components of this re-socialisation. This enables a direct relation of solidarity between producer and consumer to replace commercial relationships based on abstraction (and therefore irresponsibility). This assures that consumption, price and product quality will be based on social relationships. It presupposes that the **consumer practices a consistent and conscious commitment** towards products of known origin that correspond to social and environmental criteria.

Fair Trade attempts to humanise the commercial process. It combats the lack of clarity that the dominant system has endeavoured to create around the origin, and social or environmental content, of goods traded on the market, whether global, national or regional. Fair Trade is part of an economic vision that is not limited to merchandise but is based on the human being. The word « exchange » is preferred in certain contexts to the word « trade », which infers a limitation of exchanges to merchant and monetary levels.

² EFTA definition. Source: Fair Trade platform

The basis of a new paradigm

A pluralist Fair Trade in the North as in the South

Fair Trade has developed as a **social movement whose goal is to create a concrete solidarity between citizens of the North and producers of the South**. It is based on the search for a new equilibrium for North/South relations, which shouldn't be based on relationships of power, but on partnership and horizontal decision-making.

Two conditions explain why Fair Trade is mainly structured around a North/South axis: the urge for solidarity with Southern nations, which the movement translated into the setting up of Fair Trade circuits for a number of Southern products (tropical and craft products); and an over-due realisation of the imbalances that exist in the Northern nations themselves. The European Union has only recognised this North/South dimension of Fair Trade.

« The idea of Fair Trade applies in particular to exchanges between developing countries and developed countries; it is not directly relevant for merchandise produced within the EU, where social and environmental standards are already part of legislation. Such is the nature of production in the European Union, that producers and salaried workers already benefit from a level of environmental and social protection that is at least as high as that which has been established for products pertaining to Fair Trade. »

COM (1999) 619 p.4

At a time when the Common Agricultural Policy (CAP) is being re-examined in Europe, and when the protection of industrial agriculture among the developed nations is showing negative effects in the North (nutritional risks, poor quality, pollution...), as in the South (dumping), the argument of the European Commission referred to above should be challenged by the Fair Trade movement. The rural areas, particularly, have suffered as a whole from the negative consequences of agricultural policies based on high productivity and the forced commercial opening of Southern nations to the products of industrial agriculture.

There also exist, in the North as much as the South, commercial practices operating at local or regional³ level which are based on the ethics of solidarity. Through the development of local and regional equitable markets of solidarity, they attempt to strengthen the links between urban consumers and rural producers that appear to be essential for a strategy of sustainable development. In the North, they have not, on the whole, been identified as belonging to « Fair Trade », whereas in the South they sometimes take this name, or for example that of « commerce of solidarity ». It is necessary to build links between these practices operating in the local or national arena and North-South Fair Trade. Both should be seen as being part of a Fair Trade movement understood to be open and pluralist.

³ Such is the case of Community Supported Agriculture, in European and American countries.
Refer to box later on.

These different practices recognise and follow common principles, giving them thus, their unity: partnership between all the actors in the process, from producer to consumer, freedom of information at every level, working and salary conditions that allow everyone to live with dignity. But in accepting the plural nature of the Fair Trade movement, we also recognise the actor's many varied practices and strategies , especially in the areas of certification and distribution.

Multiple objectives...

The **objectives of Fair Trade** are varied and are not solely based on attempts to obtain a just price. It is also essential to act on the context within which exchange takes place.

At international level Fair trade must continue to question the dominant rules and practices of international commerce, and promote fairer rules and conditions. These will be particularly concerned with the stopping of product dumping by the rich nations, and the opening of their markets to all southern products under equal and equitable conditions.

Fair Trade's aim of sustainable development cannot exist without taking into account the local dimension. At the local level, Fair Trade should encourage, not only better commercial conditions for producers and of work for wage-earners, but also nutritional sovereignty and security, rural employment, health and education, in parallel to other economic practices based on solidarity.

Fair Trade allows **bonds of solidarity at different levels to develop between producers and consumers.** It helps the formation of **local and regional markets of solidarity**, which link local sustainable development and ethical and responsible consumption.

These multiple functions of Fair Trade are one of the best arguments in its favour. On the contrary development strategies based solely on export growth set their sights in only one direction: the growth of monetary revenue through access to the international market. Yet even when this is achieved, development is not guaranteed.

...Based on a true partnership, openness and freedom of information

Fair Trade has to be based on the setting up of true **partnerships** between all the actors: producers, importers, distributors, Fair Trade movement and consumers. Producers have to be strictly associated with all the stages of building up and operating a fair trade circuit. Because of the present imbalance of means of access to information between the North and the South, it is too often the organisations of the North (certification agencies, purchasing centres) that either fix or propose the equity criteria by which producers as well as importers are bound. Even if they consult in depth with producers, it is still them that monitor the application of these criteria, on behalf of producers as well as importers.

Admittedly, the main Fair Trade organisations' own activities are under independent control through the Social Audit, but producers have legitimately asked for more involvement during the different steps mentioned. In this way they would like to be able to discuss the conditions of inscription on Fair Trade product registers for new groups and to propose new methods and strategies, etc. Greater involvement of producers is possible, since Fair Trade rests on relationships of trust. They presuppose a more efficient share of information, and should be supported by recognition of the pluralist nature of the Fair Trade movement.

A support for integrated strategies of sustainable development

Obtaining fairer prices and improved revenue for producers is no more than a minimum condition for Fair Trade. These conditions are not enough, on their own, to guarantee sustainable and equitable development, any more than it establishes an agricultural policy that encourages this form of development. **But the advantages that Fair Trade gives can act as an important support for certain groups of producers in their efforts towards integrated local development.** Fair trade organisations such as the FLO or EFTA have attempted to ensure that the premium offered by Fair Trade is invested in social programmes, in product diversification or in the development of organic cultivation.

True alternatives to the dominant relationships presupposes action on several fronts; agricultural policy, training, savings, health, production, commercial technical support, etc. Fair Trade operating principally on the marketing level **isn't a sufficient enough alternative on its own, but should instead be seen as a component of alternative development strategies**, which include many dimensions.

Development is a complex process that demands a dynamic balance between complementary, yet sometimes contradictory, objectives. The development of export products for Fair Trade shouldn't result in the central objective being forgotten; that the diversification of food-producing activities and production are one of the bases of rural producers' autonomy.

Fair Trade: development of practices and innovations

The Fair Trade movement is relatively young, which has experienced a constant renewing of its practices to meet the ever changing socio-economic context and the current challenges, which also have been the fruit of its success. For example, certification agencies have continually worked on the development of criteria and fair trade channels for new products. Each of these circuits operates within a complex market, whose methods it must understand and master: after coffee, cacao, sugar and tea the Max Havelaar banana was launched several years ago and won a large part of the market in some European countries.

The appearance of criteria for new products demonstrates an extension of the partnerships, established within the Fair Trade framework, for whom Fair Trade organisations monitor working conditions; firstly with organisations of small-scale producers (the case of coffee for example), then for companies organising production in plantations (tea, banana) or factories (carpet). This evolution is a necessary counterpart to the development of new channels of Fair Trade, but it raises certain questions. By looking at an example of labelling in the carpet sector, we will examine other forms of certification, no longer by product but by point of sale.

On their part, organisations of producers, in the North as in the South, more and more feel the need to be active and aware operators within the local, regional or national arena. Fair Trade, until then seen as South-North trade, has taken on a more local meaning and has organised itself at this level.

Regional Fair Trade in the North and in the South

Certain practices that have tried to rebuild a social link between urban consumers and producers have not immediately been recognised as being part of the Fair Trade movement, because they have operated at the local or regional level. Community Supported Agriculture in North America represents one of the new forms of solidarity between town and country. This type of association that contributes to the development of local areas is spreading through the nations of the North and, in a different form, through the nations of the South. In France and Switzerland, a similar movement has taken the beautiful name of Jardins de Cocagne⁴ with the slogan « Cultivons la Solidarité » (cultivate solidarity). In Venezuela, the pressing needs of the poor population in the Barquisimeto region, and of rural producers has given birth to « consumer fairs », which have spread to a large part of the country.

The links that are established by these concrete forms of solidarity spring from a pretext of economic exchange, but go much further. Their objectives at local level are the same as « Fair Trade »'s at the international: to obtain fairer conditions for producers, encourage long lasting relationships of solidarity, to

4 "Pays de Cocagne" : French expression that relates to an imaginary country where there is abundance of everything.

be profitable to two sides and to educate the consumer. Further geographical proximity allows livelier forms of solidarity to be « cultivated », such as the consumer working on the farm once a year. This closeness is easier at generating trust and can help to avoid the need to set up certification systems that are sometimes complex and difficult to control.

The development of an exchange of solidarity of this type between towns and country of the same region seems to be an essential element for operating at international level other forms of production and exchange. To include in a sustainable and fair system all the products that urban populations consume daily: fruit, vegetables, meat, has great potential, not only from the point of view of education (the products exchanged are rich in signification and flavour), but also from the economical and environmental point of view.

Community Supported Agriculture in North America

Community supported agriculture (CSA) creates a direct link between partners, i.e. local consumers and organic farms. In exchange for purchasing part of the harvest in advance, consumers receive a basket of vegetables, or other products, delivered regularly to an outlet in their neighbourhood. Partners are also invited to collaborate on the organisation of the farm or to give a hand occasionally. The network in Quebec celebrated its five-year anniversary in the summer of 2000. It presently includes more than 50 farms and supplies 5,400 people with certified organic products. Source: Equiterre, annual report 2000

Rural Alliances in the North and South

Producers and consumers have a more vital need than ever to understand the functioning of the international commercial system. Here, information and exchange is indispensable. The development of information and communication technologies, even if the infrastructure is shared out unequally, has enabled groups of producers in the North and South to directly follow the international costs of raw materials, and thus avoid certain manipulations and to refine their commercial strategies. These groups also have a vital need to exchange experiences and information between each other. They have tried to know how others were able to overcome certain difficulties, and which synergies between the functions of production, marketing, credit, etc. are necessary. In the rural context, this information is often circulated on the occasion of visits, exchange and demonstrations on the ground. In Latin America and the Caribbean, the *de campesino a campesino* network has developed an example methodology for the exchange of experience and training, based on the willingness and involvement of single domestic farmers. These alliances often engender a wide reaching dynamic within the civil society of their respective country, by bringing together consumers, producers, technicians and research centres. African and Asian countries are not left out either, with initiatives such as *Afrique Verte*, for example.

In the North, structures for training and sharing experience have existed for several decades, like the "Maisons Familiales" (community training centres) in France. Forms of the economy of solidarity like Community Supported Agriculture, the "Jardins de Cocagne" among others, have encouraged solidarity, discussion and the spread of information among producers and consumers. Groups of producers in the South have also taken the initiative in

forming alliances and international coalitions. International networks of producers have been established in Latin America for some time already, for example the RELACC (Latin American Network of Community Marketing) founded in 1991 on the basis of a network in Ecuador. Coffee producers also have a continent wide coordination.

The Latin American Network of Community Marketing – a continent wide dialogue

In 1991, during a continent wide meeting called by the MCCH, a movement that has been promoting, since 1985, direct marketing between small-scale producers and the peripheral populations of Quito (Ecuador), the RELACC was created as a large-scale network of organisations of peasant and urban dwellers that were marginalized and without resources. The network fights for a fairer society through community marketing. It facilitates the exchange of experience and information between member organisations and strengthens their institutional status, notably through training. Today there exist national committees of the RELACC throughout Central America, Mexico, the Caribbean, Andean countries and Brazil. Since its creation the RELACC has organised other continent wide meetings, which have enabled the network to strengthen and analyse progress, difficulties and weaknesses of member organisations in other Latin American countries.

International groupings of farmers from the North and the South were formed from the realisation that, in the end, both were victims of the same system. They have attempted to initiate alternatives and proposals at different levels. Since 1990, the Rural Coalition has grouped together small-scale producers and agricultural workers throughout the United States of America and Mexico, and shortly Canada as well. More recently, **la Via Campesina** has been constituted as an international coalition of domestic farming organisations from the North and the South, salaried agriculturalists, rural women and indigenous communities, claiming to represent some fifty million affiliated members.

A bi-national coalition of organisations representing domestic farmers and agricultural workers.

The Rural Coalition is an alliance of more than 90 organisations, culturally and geographically very diverse, which has brought together domestic farmers and salaried agriculturalists in the United States of America and Mexico to promote equitable and sustainable development in rural areas. Born from a group of 22 organisations in the United States in 1978, the Rural Coalition currently counts among its members about 75 organisations of Afro-Americans, poor whites, domestic farmers and indigenous people and, ever since 1990, 13 organisations of small-scale producers in Mexico.

In 1992 (two years before the North-American Free-Trade Agreement came into force), as a response to free-trade zone projects, organisations within the Rural Coalition of Mexico and the United States signed an Alternative Free Trade treaty, with the objective of creating an alternative free-trade area, from village to village, for fruit and vegetables, coffee, grain, craft-work and other products that would be of benefit to consumers.

The Rural Coalition has attempted to build a strong rural movement, capable of creating community-development actions in the United States, Mexico and elsewhere. It has been responsible for inter-organisational collaboration through various concrete commercial projects. When the Farm Bill was being

discussed in the United States (July 2001), organisations from the two countries developed public policy proposals that were handed to certain deputies during the Assembly of the Rural Coalition, opened in Washington in April 2001 at the Capitol in the presence of Congress.

Fair Trade organisations, which are operating mainly in a North/South dimension, have been slow to encourage South-South exchange. The consultations between certification agencies and producers have generally been of a sector-based nature. In 1995 EFTA encouraged for the first time a sharing of experiences between 24 African producers and 19 representatives from Fair Trade organisations in the North. In September 2001, during the World Forum on Fair Trade, the Fair Trade movement in the North for the first time encouraged an inter-sector debate between producers, and FLO; the organiser of this forum included 8 representatives of the producers on the board of directors

Synergy between organic agriculture and Fair Trade

Organic Agriculture and Fair Trade developed as two independent movements, but they share objectives that are complimentary. On the other hand, the practices that were developed by one of the movements have often served as inspiration for the other. Several examples have shown that it is possible to push the relationship and synergy that exists between them even further, especially in the areas of **certification, consumer relations and distribution.**

The methods of certification for Fair Trade products and those of Organic Agriculture share certain similarities. The more ancient ones of organic agriculture inspired the labelling of Fair Trade products. There are two essential differences between these two types of certification:

- 1/ The certification of Fair trade products rests on a relation of partnership with producers or structures involved in production, whilst that of organic production is based on an ensemble of standards;
- 2/ The cost of organic certification is borne by the producer(s), that of Fair Trade by the consumer or importer, further down the line.

Certification agencies have recently realised that a synergy between their activities would result in mutual benefits: organisations of producers and Fair Trade want to demonstrate that their products have quality, and are often produced according to the methods of organic agriculture; whilst the latter can no longer ignore the social conditions of production, and has become aware that sustainability also has a social dimension. In an overall understanding of sustainability, Fair Trade and Organic Agriculture appear to be largely complementary, often mutually reinforcing each other. But the current independence of the two chains of certification means that producers who wish to benefit from the two forms of certification for their product, must submit to two processes of inspection and certification.

At the end of the 1990s, the organisations coordinating the certification of Fair Trade products (Fair Trade Labelling Organisations – FLO), organic certification (IFOAM) and subsequently forestry products, wanted to answer this challenge

by leading an examination of the issue through a pilot scheme. First of all they analysed the possibilities of a protocol of *joint certification*, which avoids as much as possible any duplication in the different certification processes. The pilot study concluded that it would be possible to trust whichever agency had the most precise criteria in any given domain.⁵ The dialogue was widened, and these organisations made up ISEAL, the International Social and Environmental Accreditation and Labelling Alliance, whose objectives bear witness to the mounting social preoccupation within the organic agriculture movement.

The ambiguity and possible dangers associated with environmental certification that doesn't take social aspects sufficiently into account, can be illustrated by the case of certain certification organisations that recently came to light in areas that are important for the environment: forestry exploitations (Forest Stewardship Council), fishing and aquaculture (Marine Stewardship Council). These organisations, which have also operated on the labelling principle, have directed their activity towards a conception of sustainable development that can exclude small-scale producers or traditional fisherman, whose activity however is much more sustainable than that of industrial producers. Yet their independence in respect of certain large companies has been called into question, notably in the case of the MSC. Cooperation between organisations of organic or environmental certification and Fair Trade agencies must avoid the trap of purely technical cooperation and clearly involve small-scale producers in the process leading to a partnership between these two sides of sustainable development.

Synergy also exists between the **distribution** methods employed for Fair Trade and organic products. Organic products have the advantage of a wider market and commercial experience than is the case for Fair Trade. Distribution systems, based on the organisation of modestly sized sales outlets into networks, have been set up for these products in a number of countries, often based on very similar principles to those of Fair trade: partnership and solidarity with producers, openness, etc. These networks should be points of support for widening and diversifying the methods of distribution used for Fair Trade products.

A structure for certification for nations in the South

Agencies of organic and Fair Trade certification recognised at international level are situated in the nations of the North, principally in the United States and Europe. This means that certification costs are generally greater for products from the South than for those from the North, whilst the revenue issuing from these products is often less. It is easy to understand that this situation represents as much a constraint to the development of an organic market as it does to the development of a Fair Trade market within the Southern nations, since a product must be certified by a Northern agency before receiving a label of guarantee in the South.

⁵ Concretely, the FLO could be charged with the administrative monitoring, social aspects and the organisation of cooperatives, whilst the agencies belonging to IFOAM would control the methods of production.

Producers in organic agriculture in the South, universities and technicians involved in this sector were the first to become aware of, and react to, this problem. Without doubt because the commercial potential of organic agriculture became obvious several decades before that of Fair Trade, and because organic producers, including those in the South, are not always small-scale producers but often medium or large-scale producers. Most of the Latin American countries now have their own organic certification agency, and these have received recognition from, or agreed accords with, Northern, so called « international » agencies. This has allowed the costs of organic certification to be greatly reduced in these countries, which has also benefited groups of marginalized producers.

In the domain of Fair Trade, the constitution of national agencies has been much slower and more recent, because its operators have for a long time considered Fair Trade only as a North-South trade. Furthermore, certain groups of Southern producers have felt excluded from all certification processes. They point out that when the production is destined for the regional market, or sometimes even the national, the nearness helps to create trust between consumers and producers, without any intermediary organisation proving to be necessary. It is thus that groups of Brazilian producers have constituted the Circles in which producers carry out mutual certification. International networks of organic agriculturalists also apply this principle of mutual certification. It is a matter of socialising trust, a little like in the case of micro-credit groups.

Labelling and the setting up of short circuits seem however to be more complementary than contradictory. The distance and lack of spontaneous information in mass marketing chains makes independent certification systems necessary. Numerous groups of small-scale producers have become aware of the need to develop a national market of Fair Trade products in their own countries, an issue that would appear to be helped by the setting up of national labels. Organisations of small-scale producers in Mexico were the first in the South to take the step and create the Mexican Fair Trade Label, recognised by FLO, the international organisation for the coordination of Fair Trade labels.

The Mexican Fair Trade Label

In Mexico, as in other developing countries, low prices on the home market means that the largest part of production is exported. Fair Trade to the North is only a partial answer to this problem. Organisations of small-scale producers came together with the intention of obtaining the establishment of fairer commercial relations in the home market as well, and to make their products better known among consumers, at prices that were accessible. The setting up of criteria for the national market are made according to the methods of international Fair Trade (product committee, registers of producers), conditions for producers being: a guaranteed price and a “premium for sustainable community development”; their products need not only answer to social standards, but also to quality standards that include the protection of the environment and consumer health.

In order to guarantee the independence of the label, *the certification authority of Fair Trade* in Mexico is composed of organisations from civil

society, whilst the *association promoting Fair Trade* groups together the producers' organisations.

Appropriate certification methods

Most Fair Trade products are simple products that only use one or two raw materials in their composition. Product labelling pre-supposes a vertical control of the whole production chain and commercialisation, which is very costly. We have touched on the polemic concerning the criteria of equity surrounding chocolate but Fair Trade risks very quickly being confronted by cases that are much more complex. The reasoning behind labelling for products such as coffee or cacao, based on a definition of precise standards for each product, is a useful indication but without doubt is only applicable to a limited number of products.

For a long time the Fair Trade movement has provided help for independent or collectively organised artisans, a sector in which it is very difficult, if not impossible, to finalise general criteria defining a just return for the producer. Criteria in this sector result from a dialogue and strict partnership between Fair Trade organisations and organisations of producers, by respecting particularly the principle of openness of information (remuneration and costs all along the production chain), which is an important basis for the trust between partners. Commercialisation is still product centred, often through specialised shops.

This background illustrates the many approaches of Fair Trade. Can the relations of partnership and the experimental monitoring methods in the craft sector be extended to other areas? How can the conditions of production and distribution be developed for products that already have a market? Some Fair Trade organisations think that the evaluation and monitoring of the social and environmental conditions of production in the manufacturing sectors can be factors in the progression towards better conditions if Fair Trade adopts a progressive approach based on partnership, rather than imposing an ensemble of rigid criteria. The contexts within which these products are produced are generally varied (unit size, cultures and socio-economic situations...). The presence of a salaried workforce, and competing sectors imposes the respect of general criteria, which could adapt to different situations. This is why the setting up of a social **label** can be accepted and implemented together with partners in the South, whilst all attempts to impose a restrictive social **clause** would necessarily be seen as an interference in the internal affairs of these partners (businesses, organisations or states), or as a form of hidden protectionism.

It is with this perspective of partnership that the STEP foundation works through production and distribution channels and not by product, setting up tri-party commissions (civil society, business and public authorities) responsible for awarding the label to businesses and shops that are partners of the approach. They mainly operate in the certification of Oriental carpet production, but the method that has been developed could easily be applied to other sectors.

The case of hand-made Oriental Carpets: the STEP method

While it is relatively easy to control production conditions for primary products, sectors such as textiles require actors operating at different levels: cotton production, sheep rearing, clothing industry, weaving. Does the whole chain have to be equitable in order for the final product to be qualified as such? As far as the STEP foundation is concerned, the trap of “all or nothing” must be avoided. Bringing together all the actors concerned, and measuring their willingness to create fair trade, is a more efficient way to reach Fair Trade objectives than working on product led vertical integration.

Therefore, originality lies in certifying the tradesman’s commitment to the approach. As a result they too, like the producer, would be led towards Fair Trade, whilst taking into account the economic context, the local situation and, above all, the needs of the population. Tri-party commissions (civil society, business and public authorities) are responsible for awarding the label.

This distinction of roles and responsibilities, along with the involvement of local actors, has enabled Fair Trade criteria to be adapted to different cultures and local contexts. From among these criteria, STEP has distinguished between **imperative criteria** that highlight basic human rights (prevention of forced-labour, for example) and **progressive criteria** that are necessary for sustainable development through the setting up of actions aimed at improving the social and environmental conditions of production, but also the global way of living. The continual involvement of civil society allows information to be collected that supports criteria verification. It is not a question of a meticulous, often intrusive, audit but rather an accompaniment to development based on a real understanding of the local context.

STEP’s verification method both for criteria and work in the field is called **MVD** (Monitoring / Verification / Development), a method that does not exclude producers, especially those who could not immediately answer Fair Trade criteria, and which operates at a reasonable cost “for all sizes of business”.

Could Fair trade be extended to services? A look at tourism.

Tourism is the most important economic sector for Southern nations after petrol. Raising awareness among travellers for the unequal conditions in which this activity generally takes place (very low wages of local people in the hotel, restaurant, animation and even transport sectors, importation of products and services of the North to offer a standardised service in the South...) represents a considerable challenge for the populations that suffer from these conditions. Similarities are imaginable between Fair Trade in craft or food products demanded by the tourists and equitable tourism, understood as a tourism that is carried out in partnership with, and to the benefit of, local populations.

However, tourism remains a complex sector with boundaries that are difficult to define. But, several initiatives have attempted to develop the responsibility of the tourist, by making them a responsible operator of the transactions and exchanges that are involved in this activity. We speak about responsible or equitable tourism, without making a clear-cut distinction. According to the association Transverses, the objective of **equitable tourism** is « to maximise the benefits to the inhabitants of local destinations accruing from tourism, through partnerships that are both fair and of benefit to those that are

involved in tourist activity nationally and internationally in the host countries.” Equitable tourism could be seen as one of the areas of Fair Trade, opening the way for the elaboration of criteria for other service sectors. It is the object of another proposals booklet in this collection.

Education programmes for North/South exchange

The paradox of the increased awareness of the citizen-consumer is that the Fair Trade movement begins to question itself about production conditions among Southern producers before looking at those of national production. The development of North / South channels of Fair Trade is an asset of the movement, which has enabled part of the production and marketing of coffee, cacao, banana, etc to be a little less unjust. It is also the opportunity to explain to citizens of the North, the complexity and present structure of world trade. The « Fair Trade breakfasts » of the Belgium Oxfam seem to be excellent education programmes for Fair Trade. Fair Trade organisations and governmental and non-governmental organisations whose remit includes “education for development » have perfected or used educational games for youth, militants or cooperating volunteers which help form a better understanding of the issues: the Coffee Route, the Banana Game, etc. These examples demonstrate that the Fair Trade movement is not limited by its objectives to commercial operations. It is based largely on militancy, whose work of informing and educating the consumer is not only justified by the attempt to increase the market share of Fair Trade. The message of the movement is addressed to the consumer and leads them to a questioning of all products consumed and their method of production. It is also addressed to politicians, attempting to influence them to adopt policies that are more favourable to Fair Trade. A few years ago, the European Fair Trade Association, which coordinates the European purchasing centres of Fair Trade, opened a campaign and lobby headquarters in Brussels. Certain other advances have been obtained at the European level. Still at this level, a coalition of organisations has been leading the « Clean Clothes » campaign since 1990, attempting to make importers and consumers more responsible about the working conditions of those in the textile export industry in the developing countries.

Proposals

1. To widen the definition of Fair Trade and to admit that there exist a diversity of practices, models and levels within it.

Practices respecting the values of Fair Trade operate just as well in a North/South dimension as they do on a local or regional level, in the North and in the South. However, the definition of Fair Trade accepted by the European union is too restrictive and doesn't recognise the unity of goals and the synergy of its actions. The diversity of practices that make up Fair Trade allows it to adapt to very different situations in terms of product, organisation of production and distribution or culture.

2. Producers and salaried workers must be recognised as full partners of Fair Trade.

They must be involved in the clarification, setting up and monitoring of criteria for Fair Trade certification. The dialogue must also cover the definition of new strategies for extending Fair Trade to new products, especially processed products, and to new markets. The strengthening of the organisational abilities of marginalized producers is an important issue for Fair trade.

3. Encourage the circulation of information and communication between all the actors involved in Fair trade (groups of producers, consumers, citizens, importers, labels, shops, politicians...).

It is important to compensate for the delay experienced by marginalized producers and regions in attaining the infrastructures that allow access to information, and which also allows them to use the contemporary means of communication, notably the new information and communication technologies. Consumers are an essential point of support for Fair Trade. They also have a right to full and open information.

4. Fair Trade must support the research for local development strategies adapted to different contexts.

These strategies should have the following objectives: food sovereignty and security, employment, health, the diversification of production, the integration of production in the local and regional economy, the opening of regional markets. The forms of Fair Trade operated must be compatible with these strategies and even constitute a support for them. Therefore these must pursue several complementary objectives.

5. The setting up of local, regional, national and international platforms to enable the synergies, communication and networking of actors and Fair Trade experiences to take place at these different levels.

In particular, the objectives of these platforms will be to strengthen and assess the impact of activities whilst taking into account the various objectives of Fair Trade.

6. Develop the collaboration and similarities between the Organic Agriculture movement (farmers and consumers) and the Fair trade movement.

Social criteria must be taken into account for organic labelling, and environmental criteria in Fair Trade labelling. The dialogue between

certification agencies of the two movements could articulate the environmental and social standards, and avoid costly duplication in their work. But this convergence must be done with the involvement of all the actors concerned (producers, consumers, citizens, etc.). The distribution of products is also an area where common actions must be set up.

7. The actors of Fair Trade must start to take into account a precise analysis of the effects of production modes and international exchange on the environment, when clarifying their criteria.

This will allow them to be credible in the framework of the search for sustainable development. They must participate along side environmentalist organisations in the efforts for the internalisation of environmental and social costs and the setting up of a Multilateral Accord on the Environment.

8. Clarify standards of equity for new products and services, including processed products and services.

Encourage the processing of primary products closer to the source, by the producers themselves or by associated groups. As a priority, develop standards of Fair Trade for products playing an important role in food sovereignty, in partnership with all the actors concerned, producers, salaried workers, consumers, importers, and support organisations.

9. Encourage integrated development; Fair Trade must attempt to link its actions with other economy of solidarity practices in the environment of producers and consumers.

Fair Trade shares a number of values in common with these practices, which offer opportunities of synergy and common strategy that are often unexploited. The economy of solidarity is characterised by its diversity of practices, among which we could mention social money, traditional systems of savings and credit, and traditional and contemporary forms of collective work.

10. Fair Trade actors must find effective ways of widening the distribution of Fair Trade products without playing the game of oligopolistic distribution practices.

Distribution initiatives that are alternatives to mass marketing must be supported. At the same time, new ways must be found to negotiate with and put pressure on large-scale distributors so that they adopt really ethical standards.

11. Define and fight for a satisfactory legal statute for Fair Trade products.

This statute should be developed through a wide debate with civil society and governments. It is important to define precise criteria that will allow forms of Fair Trade to be distinguished from conventional forms, but also recognising the diversity of practices.

12. The actors of Fair Trade must promote the integration of the standards and criteria that they have defined for Fair Trade circuits, in all economic exchange.

To do this, they must concentrate on alliances with consumers, the media, business and other actors. They will begin discussions with civil society

and with governments. Therefore, together they should continually monitor discussions within the World Trade Organisation and inform citizens of the implications; those that concern investment accords, conditions attached by international finance institutions and negotiations about existing or projected free trade zones.

Actors and strategies of Fair trade

The actors

All those who through their work, their social practices or their action contribute to the promotion of fairer economic exchange are actors of Fair Trade. Therefore they are notably:

- The **groups of producers** who participate in Fair Trade
- The **consumers**, organised, or not, who consume Fair Trade products
- The **citizens** who advocate fairer economic relations to their governments
- The private sector **companies**, which are ready to work within a perspective of Fair Trade and social responsibility.
- All the **organisations** who bring an economic, technical or any other form of support to the structuring and promotion of Fair Trade.
- **National governments**, regional or local administrations, at least when they control the market from an environmental and social perspective and/or propose a legal framework for Fair Trade.

To make new proposals on Fair Trade operational, it is necessary to take account of the role that can be played by organisations grouping certain actors. The EFTA (European Fair Trade Association) distinguishes two types of organisation: those that are direct partners within a framework of Fair Trade and those that are linked to it. The boundary between the two is not rigid, since there are certain overlaps. We resume this distinction by adapting the EFTA typology:

Partners of Fair Trade:

- **Organisations of producers:** cooperatives, trade unions, etc.
These are indispensable partners for Fair Trade initiatives, in whose name all actions are led.
- **Fair Trade certification agencies**
They appeared at the end of the 1980s and developed criteria by product. They are not commercial partners but exclusively assure the labelling, allowing, particularly, the distribution of Fair Trade products in supermarkets. They are usually regrouped at national level. The international coordination of these agencies within FLO is narrow (see below).
- **Cooperatives or consumer associations**

These can play an innovative role in the promotion of Fair Trade. They help to make consumers aware of the issues of a responsible and citizen's consumption. Some have set up original systems of distribution for regional products or the importation under fair conditions.

- **Purchasing centres/ Fair Trade importers**
These are essential economic links and partners for South-North Fair Trade, especially for products oriented towards a World Shops network or towards retailers.
- **Fair Trade retail outlets** ("World Shops" and other types of store) and groups offering fair services (responsible tourism)
These shops correspond to one of the possible forms of Fair Trade distribution. Often they are furnished by Fair Trade purchasing centres, but they can also have direct commercial relations with the producers. At the European level, their coordination is assured by NEWS! This type of outlet also exists in certain nations of the South, where they assure the distribution of national products from small-scale producers in equitable conditions.
- **Distributors of Fair Trade products.**
Some distributors are commercial partners of Fair Trade (producers, labels and purchasing centres) who have decided to target the method of distribution in order to assure a wide spread of certain Fair Trade products, especially food products (coffee, chocolate, bananas, etc.). These products, representing a small part of the turnover of large-scale distributors, are recognisable by their labels.

International groupings of Fair Trade organisations

In this last category, four main organisations can be identified:

- **IFAT** - The International Federation for Alternative Trade, created in 1989, which brings together organisations of producers from the developing nations and Fair Trade support organisations among the Northern nations. This organisation supports the efforts of members to expand the Fair Trade market.
- **EFTA** - The European Fair Trade Association, since 1990 has grouped together 12 Fair Trade importing purchasing centres representing 9 European countries. It facilitates information exchange and the setting up of networks among members, and leads information and pressure campaigns within the European Union.
- **NEWS!** Network of European World Shops, has worked since 1994 as a network for national associations of World Shops, currently representing more than 2,700 outlets in 13 countries. Its role in relation to its members is similar to that of the EFTA for purchasing centres.
- **FLO** -Fair Trade Labelling Organizations International, founded in 1997 is a network of 17 national labelling initiatives representing 14 European

nations, North America and Japan. The FLO coordinates the work of labelling organisations, and in particular monitors the harmonisation and application of criteria. In 2001, for the first time, representatives of producers were on the board of directors.

These four organisations coordinate their activity within FINE. They illustrate the remarkable level of organisation of the Fair Trade structure in continental Europe, which has the oldest precedence for, and widest manifestation of, Fair Trade shops and certification organisations. Although there has been an important advance in this field among other industrialised nations, in particular Canada, The United States, Australia and Japan, it is the European experience that has pioneered the way in this sector. The current challenges lie more in the area of integrating actors into partnership with organisations of the South, which is therefore forced to develop its own networks, nationally or even internationally, or with actors which could be considered as complimentary, for example organic agriculture, responsible tourism or ethical finance.

Organisations linked to Fair Trade:

- **Organisations** that help producers to **respond to the standards in the home market or importation**, through the development of products and services, training, advice. They fulfil a role of technical support.
- **Financial organisations** channelling ethical investments or loans for producers towards Fair Trade organisations in the North and South at better rates than those of the market. They enable the setting up of promising synergies between Ethical Finance and Fair Trade.
- **Non Governmental Organisations** (NGOs), whose programmes are aimed at promoting responsible consumption or a more ethical trade between North and South, or which set up projects of development cooperation which are complementary to the commercial relationships established by organisations of producers within the Fair Trade framework. Many of these organisations are close to Fair Trade, and some have joined the IFAT.
- **National, regional or local governments** who have set up a legal or administrative framework that encourages positive discrimination in favour of products and services that are socially and ecologically responsible, especially Fair Trade products.

Strategies

Encouraging participation and communication between Fair Trade partners

Fair Trade rests on a real partnership between all the actors involved (producers, consumers, Fair Trade organisations). This assertion has several practical consequences in areas that concern the sharing of information and participation of women. We suggest:

- **To establish an inventory and identify all the Fair Trade experiments that exist in the North and the South and that are part of the framework of enlarged and pluralist Fair Trade that is proposed here.** This inventory should include the description of strategies and methods set up at different levels by the operators.
- **To encourage the circulation of information and communication among all actors of Fair Trade,** (groups of producers, consumers, citizens, importers, labels, shops, politicians...). It is important to compensate for the delay that marginalized producers and regions have experienced in gaining access to information, and to enable them to use, for themselves, the means of communication currently available, in particular the new information and communication technologies. An effort must be made to equip them with the means of communication necessary.
- **To set up a participatory and horizontal debate between all the actors interested, concerning the objectives, impact and strategies of Fair Trade.**

This debate will facilitate:

- The full participation of producers in the formulation and monitoring of strategies and criteria for Fair Trade.
- The exchange of ideas and experience. A compilation of experiences and proposals could be made during the debate and put together in a database available to everyone.
- Impact studies on the various strategies of Fair Trade, from different viewpoints (economic, social, ecological, local development....)

Local development: a strategic objective for Fair Trade

The current thinking about Fair Trade stresses its economic objectives. These objectives form a support for the **sustainable development** of the areas where the people trading in this way are living. Certain dimensions of this development deserve to be highlighted, particularly the work of diffusion and campaigning carried out by Fair Trade partners.

- ❖ **Food sovereignty and security** is the basis of sustainable development for human groups and one of the main objectives of Fair Trade. As a result,

Fair Trade must continue to encourage the production of food products that are compatible with the culture and nutrition of populations, and help set up solutions for the marketing of these products at national or regional level.

- ❖ **The full participation of women must be recognised and encouraged**, as a basis of taking into account the many dimensions of development (nutrition, education, health), and because women are usually the ones who are most involved in agricultural or manual work, whilst they are rarely involved in decision making.
- ❖ **The linking of the actions of Fair Trade with the existing practices of the economy of solidarity in the environment of producers and consumers would encourage local synergy and full development of regions.** Fair Trade can act as an important support to local development through the structure of commercial relationships that it encourages. It must commit itself to a development strategy, of which it is only one part.

Consumer information and the public recognition of Fair Trade

One of the keystones of Fair Trade is consumer involvement. Their present worries about the quality and trace-ability of products must be addressed. A strategic issue in the longer term is to help public authorities working in Trade, Nutrition and Health to understand that Fair Trade is an instrument for their policies.

Fair Trade operators must:

- **Continue to work on consumer awareness through targeted and efficient campaigns, especially during the development of new channels or new Fair Trade strategies.** They must also forge alliances with consumer movements that share their analysis about international trade and are looking for alternatives to mass consumerism..
- **Have all the operators in the Fair Trade chain respect Fair Trade criteria (openness, fair pricing, long lasting relationships, pre-financing...).** Every consumer or citizen must control openness of commercial transactions, product trace-ability and full access to product information.
- **Assure the fullest information possible about the origin and the social and environmental content of Fair Trade products.** For this, it is necessary to defend, in front of governments and multilateral authorities, **the right to all information on every product**, including their « invisible » qualities (environmental effects, conditions of producers, etc.). Therefore, it is necessary to change the position of the World Trade Organisation in respect of the processes and methods of production. The development of a social label can also be an instrument for this.
- **Launch a wide public debate to define a satisfactory legal statute for Fair Trade products.** This statute is urgently necessary, in order to obtain better conditions for its products in customs and on the home market (import and custom duty), but also to avoid the dead-end of restrictive

definitions that limit its field of application to Southern products. Achieving this necessitates a dialogue between operators, civil society and governments. It is important to define precise criteria allowing the forms of Fair Trade to be distinguished from conventional forms of trade, but also to recognise different forms of Fair Trade (regional in different meanings of the word, national, international, etc.).

- **Encourage the definition of public policies that favour regional products and markets, especially among the Southern nations, and the transformation of products near to their zones of production.** There is a great potential in initiatives that attempt to bring together urban consumers and rural producers in the North and in the South. It provides an opportunity for consumers to become more aware of the structures of world trade and the setting up of alternatives. But these initiatives clash with national or regional commercial legislation, even when there exists on paper regional markets between southern nations, and with the commercial barriers of the Northern nations.
- **Campaign for the inclusion of Fair Trade in the policies of bi-lateral and multi-lateral cooperation,** as a development tool filling various functions: equity, food sovereignty and security, sustainable development. Making use of the recent Partnership Agreement between the ACP States (African, Caribbean, Pacific) and the European Community (Cotonou Agreement) which mentions, albeit insufficiently, the « promotion of Fair Trade⁵ » in order to improve the trade relations between European actors and those in the ACP nations. Aid development organisations should support the organisations of producers in the framework of these campaigns.

European operators can use document A4-0198/98 and communiqué COM(1999)619 of the European Union, recognising the legitimacy of Fair Trade practices (but only in North-South commercial relationships), to obtain more concrete support in these practices and to advance towards a sufficiently legal framework for Fair Trade in Europe.

Operational alliances and progression of Fair Trade

Fair Trade actors, whilst constantly trying to obtain legal mechanisms that favour their activities, must continue everywhere and wherever possible, to widen and refine the alliances necessary for their development. This progresses by increasing the offer of Fair Trade products thanks to the definition of new criteria, and the setting up of new commercial alliances and distribution alternatives that are efficient, without contradicting the general objectives of Fair Trade.

Therefore, it is necessary:

- **To encourage the development and spread of regional and national Fair Trade markets.** Often these provide satisfactory alternatives, in terms of revenue, autonomy, food sovereignty and production diversification for marginalized populations. One of the methods for this is **supporting the creation of certification organisations among countries from the South.**

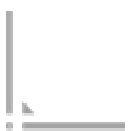
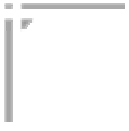
⁵ Article 23 g

- **To develop Fair Trade circuits in order to increase the impact of Fair Trade and the access of producers to it.** These channels must be organised from one end to the other within a perspective of equity and solidarity. The current efforts to develop new channels for, among other things, agricultural products, and for the processing of existing products (especially tropical fruits) by different types of organisations must be encouraged, so that a wider and more profitable market can be achieved.
- **To pursue and to extend the efforts of synergy and alliance between the Organic Agriculture and Fair Trade movements.** The dialogue between the two movements should deal with the synergies in the domains of distribution, consumer information and certification. Organic certification agencies and those of Fair Trade, in partnership with organisations of producers, consumers, international solidarity and environmental defence, must continue to work out common criteria in the social and environmental fields, with the objective of supporting development and sustainable trade.
- **To identify and encourage the distribution experiments that represent satisfactory alternatives, both in mass marketing and in isolated and unprofitable outlets.** Eventually it will be necessary to resolve the contradiction of values that is represented by the alliance between Fair Trade and certain forms of oligopolistic distribution. The viability of alternatives depends on consumer attitude, but also on the effort put on the research and setting up of alternatives. Part of this could include networks of independent small-scale distributors of Fair Trade, set in a local and regional economic fabric on the model of European organic cooperatives.
- **To strengthen the capacities of groups of producers** for the development of; their ability to administer and negotiate with both their traditional trading partners and new ones (traditional business, organic market...); better planning of their economic activity; the search for alternative sources of finance and the setting up of long term commercial relationships. Their work on product quality and product processing must also be supported, allowing access to a bigger market, in particular organic, but also every market concerned with the social and environmental quality of products.
- **To develop and test evaluation and certification methods for products whose production chain is more complex than that of primary or artisan products.** The experiences of certification in the textile or carpet production sectors could be useful for the analysis and certification of complex production chains. Methods and strategies still need to be invented for formulating social and environmental criteria allowing industrial production systems to be independently certified. In this area, human rights organisations and independent observers in developing countries have questioned the credibility of certain codes of conduct and social labels.

Indicators, follow-up and monitoring of the regulation and practices of International trade.

Fair Trade operators have participated alongside environmentalist organisations in efforts to internalise environmental and social costs, and the setting up of a multilateral accord on the environment.

- ❖ These objectives can appear distant. However, the practice of Fair Trade will allow its actors **to be the driving force in the development of a technical expertise concerning agreements within the WTO for disadvantaged nations and producers, and to be associated with any initiative that goes in that direction.** Such expertise will not only allow organisations to carry out surveillance, but also to **develop proposals in order to introduce within this institution a debate about the integration of economic, social and environmental rights in trade regulations, and to attempt to develop these regulations towards further equity by using practices of Fair Trade as practical examples.**
- ❖ The Fair Trade movement should actively participate in the **critical evaluation of companies' codes of conduct and ethical charters and the reality of the commitments put into action on the ground,** including that which concerns international standards developed by the private sector. It must be careful not to support, even involuntarily, initiatives that remain on paper and at the same time, it must preserve its independence in relation to all the private companies that set them up. It will draw attention to the aspects not taken into account by these methods, whatever they are (environment, union freedom, non-sustainable production, etc.).
- ❖ **Fair Trade organisations could forge alliances with research centres, NGOs and other actors in order to develop indicators measuring the impact of different forms of trade.** These indicators should be social, ecological and economic. They should be validated from an inter-cultural point of view. For the movement it will be a base for discussion, in order to compare the impact of different practices and strategies within Fair Trade, and to identify those that are the most effective, taking into account the various objectives of Fair Trade. They will also strengthen the synergy with organisations or institutions working for development and cooperation.
- ❖ On the basis of this research, it will be possible to **set up a dynamic and progressive information about several products,** indicating the degree of conformity to certain criteria, validated by the principal cultures of the world. These criteria will enable the tensions that can exist between the different objectives of Fair Trade to be resolved. Consumers will be able to assess a product from different points of view, not only its impact on local development but also on working rights, local or global environment, health, etc, thus increasing their decision-making power.



The Alliance for a Responsible, Plural and United World

Working together towards the challenges of the 21th century

Ever since the late eighties of the 20th century, numerous initiatives have been put forward from different regions of the world and extremely diverse contexts. Different social actors were thus put in motion with the aim of organising a vast worldwide process seeking to explore values, proposals and regulations capable of overcoming the modern challenges humanity is faced with.

A large number of thematic, collegial and continental meetings were organised in the early nineties, a process which led, in 1993, to the drafting of the *Platform for a Responsible and United World*.

Regional groups were set up, international professional networks and thematic networks on the fundamental issues of our era were developed: the Alliance was created. It is financially and technically supported by the Charles Léopold Mayer Foundation for the progress of Humankind (FPH), among others.

The Alliance is focussed on inventing new forms of collective action on both a local and global scale, with the aim of shaping together the future of an increasingly complex and interdependent world.

The challenge of the Alliance is to actively support unity in diversity by asserting our societies' capability to understand and appreciate the complexity of situations, the interdependence of problems and the diversity and legitimacy of geo-cultural, social and professional perspectives.

The Alliance, as a space of discussion, reflection and proposals, is built around three main orientations:

Local groups aiming to bring people of a community, a region, a country or a continent together by looking at the realities and issues of their own societies. This is the **geo-cultural approach**. It reflects the diversity of places and cultures.

Groups of socio-professional actors wishing to provoke dialogue and mobilisation within a given social sector or profession (youth, peasants, scientists, local representatives, etc.). This is the **collegial approach**. It reflects the diversity of social and professional milieus, their concerns and responsibilities towards society and the challenges of today's world.

Thematic workshops seeking to create reflection groups centred around the major issues of our common future (sustainable water management, regional integration and globalisation, financial markets, art and society, etc.). This is the **thematic approach**. It reflects the diverse challenges humanity is faced with in the 21st century. Thematic workshops are organised into four areas: Values and Culture, Economy and Society, Governance and Citizenship, Humanity and the Biosphere.

Seeking both to draw on the richness of materials and experiences gathered by these reflection groups whilst networking with other citizen dynamics with a similar focus, the Alliance fixed itself the objective of obtaining collectively developed, concrete proposals. The following meetings were thus organised:

- **international meetings**, for each thematic workshop and each college,
- **synchronized continental assemblies** (Africa, Americas, Asia, Europe) and a regional meeting in the Arab world (Lebanon) in June 2001.
- a **Citizen World Assembly**, held in December 2001 in Lille, France, bringing 400 participants together from around the world.

These meetings together contributed to the drafting of some sixty *Proposal Papers for the 20th century* and a *Charter of Human Responsibilities*, published in several languages in different countries.

The Alliance has been involved in a process of disseminating and developing these outcomes since the beginning of 2002. Networks are expanding, branching out and their work themes are becoming increasingly transversal. They also strengthen links with other approaches aiming to create an alternative globalisation.

For further information, please visit the **alliance website** at www.alliance21.org, where the history of the Alliance, the challenges it is engaged in and the workshops and discussion forums being held can be viewed in three languages (French, English and Spanish).

E-mail: info@alliance21.org

The proposal papers on the internet

Whether in their provisional or definitive form, all the proposal papers and their corresponding translations can be accessed on the website of the Alliance for a Responsible, Plural and United World, at:

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