

Fair Trade and the Solidarity Economy: the challenges ahead  
Summary of the Fair Trade Workshop's Activities

Fair Trade Workshop, Alliance21 Workgroup on Solidarity Socio-Economy (WSSE),  
in collaboration with the  
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**Table of Contents**



# 1.....Introduction

Since its creation in 1999, the Workshop has examined the issues surrounding Fair Trade and the challenges it faces, and has made proposals for the movement's development. A list of documents used in compiling this summary report can be found in Annex A; most of these are available via the Workshop's website ([fairtrade.socioeco.org](http://fairtrade.socioeco.org)). They comprise some 30 documents written by Workshop participants. Special attention is drawn to the Proposal Paper for the 21<sup>st</sup> Century, published in 2002, and the reports of Fair Trade workshops and discussions during the past three World Social Forums

In this summary report of the Workshop's activities we start with a general presentation of Fair Trade: its emergence, definition, principles, objectives and successes. We end the first Section by examining the two dominant visions of the movement as identified by the Workshop. We then move on to describe the strategic challenges facing the movement at present. These are primarily certification, distribution strategies, development objectives, the impact of Fair Trade in terms of development and the environment, inequalities, communication, consumer information, possible synergies with other alternative trade initiatives, public recognition and international trade. Finally, this summary report outlines the new paradigm put forward by the Fair Trade Workshop.

## 2. Emergence and definition of Fair Trade

The Fair Trade movement emerged during the 1960s, primarily in Europe, but also in North America. Its objective was to fight unfair trading conditions and the dependency of countries of the South, with the goal of assisting these countries to develop themselves (Trade not Aid). Whereas liberalisation should have heralded “growth for all”, we can but deplore the fact that the benefits from this growth are distributed in a highly unequal fashion, to the detriment of the countries of the South, a phenomenon that some try to explain as caused by instability of raw material prices and deteriorating trading terms: “The ideology of globalisation does little to hide the fact that the greatest share of the circulation of value occurs between the regions of the world with the highest concentration of capital and industrial resources” (1999-1: 1). Globalisation reproduces the domineering relationships of the colonial and imperial systems of the past (2002-2). The current international division of labour restricts the poorest countries to continue to exploit their primary resources. Countries of the South find themselves dependent, a situation “not without incidence on regions' loss of economic and food autonomy, the destructuring of areas that lose their original vocation as places in which to live, to become mere annexes to a global production system.” (1999-1:1) In essence, the emergence of Fair Trade is the result of the prevailing growth in international trade, which accentuates inequality and insecurity and, contrary to expectations, does nothing to meet demands for development.<sup>1</sup>

For the consumer, the emergence of Fair Trade has contributed to the development of ethical consumption and has resulted in a desire on the part of a section of the population to build trading relationships based on values different to those prevailing in conventional international trade. Fair Trade sales networks have led to the development of ethical consumption and consumer awareness. Fair Trade is predicated on the establishment of solidarity-based trading relationships, the most direct possible relationship between consumer and producer, and payment of a fair price to producers.

### 2.1 Towards a definition of Fair Trade

In the Workshop documents, there is a noticeable evolution in the definition of the term Fair Trade, with the tipping point occurring during the period 2001-2002, whilst FINE drew up its official definition of Fair Trade in 2001. For example, in 1999<sup>2</sup> the Workshop presented the principles of Fair Trade (shorter trading chains, fair prices, solidarity, democratic producer organizations) and the organization of distribution networks, and underlined the fact that Fair Trade re-socialized trading relationships. But the Workshop did not arrive at a clear definition in just a few phrases of the concept and practice of Fair Trade. In 2001's document containing propositions for the development of Fair Trade in the 21 century there appears a definition of Fair Trade taken from EFTA: “Fair Trade is an alternative approach that aims to create international trading relationships that contribute to the sustainable development of marginalized and excluded producer groups” (EFTA, cited in 2001-4 p.1). In the 2002 Proposal Paper, Fair Trade is defined as “a commercial partnership aiming to make sustainable the development of excluded or disadvantaged producers. It tries to achieve this through offering the best possible trading terms [to producers], and through education campaigns [for consumers] designed to prick their consciences.” (EFTA cited in 2002-4 p. 11). This is EFTA's definition, which is very close to that of the FINE network:

“Fair Trade is a **trading partnership**, based on dialogue, transparency and respect, that seeks

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1 Proposal Paper.

2 1999-1

greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers - especially in the South. Fair Trade organizations (backed by consumers) are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade.”

The essence of Fair Trade:

Fair Trade's strategic intent is:

- deliberately to work with marginalized producers and workers in order to help them move from a position of vulnerability to security and economic self-sufficiency
- to empower producers and workers as stakeholders in their own organizations
- actively to play a wider role in the global arena to achieve greater equity in international trade. (Bowen, 2001, p.. 26).”

The Workshop favours a wider definition of Fair Trade; the challenge to find such a definition was identified right at the start of our work. After the presentation of the strategic issues facing the Fair Trade movement, we shall examine the Workshop's justification of its stance, as well as looking at it in greater depth.

## 2.2 The principles and objectives of Fair Trade

Fair Trade is founded on the following core principles:

- direct relations between producer and consumer, avoiding intermediaries and speculators as much as is possible;
- a fair price, allowing the producer and her or his family to live in dignity;
- for waged producers, respect for working conditions consistent with the ILO's international minimum standards (or those of the producer country where these are higher), freedom of association, no forced labour;
- possibility of advance funding;
- establishment of long-term trading relationships, based on mutual respect and ethical values;
- in addition to these minimum standards, there must also be progress indicators tracking the sustainable development of producer or wage-earner groups (2002-4:12).

Side-by-side with these criteria, the Workshop affirms that Fair Trade is intended to increase the responsibility of producers, who commit to producing in a manner that is sustainable and transparent. Producers must organize themselves in a way that is democratic, independent and promotes participation, especially by women. We further state that producer organizations must aim for “a balance between the local and export markets, preserving food security.” (2002-4:12-13). The benefits of Fair Trade should be used to contribute to local development. In relation to food security, if some stakeholders consider this to form part of Fair Trade, others do not consider it to be fundamental. Take the example of Fair Trade labelled products, where this issue is not clearly addressed as one of the principles. We shall, however, show that food security and local development represent major challenges to the Fair Trade movement.

The Workshop identifies four Fair Trade **objectives**:

- obtain fairer prices and conditions for groups of small-scale producers;
- drive progress in trading practices towards sustainability and the incorporation of social and environmental costs, for example by lobbying for changes in legislation;
- raise consumers' awareness of their power to promote fairer trade models;
- promote sustainable development and the expression of local cultures and values as part of an inter-cultural dialogue (2002-4:12).

These objectives can be grouped to reflect the two primary purposes of Fair Trade: 1) promote the development of marginalized producers and 2) contribute to the transformation of the international trading system. These are the two main objectives acknowledged by most leading stakeholders in the movement.

### 2.3 Fair Trade: a commercial partnership

The partnership-led nature of Fair Trade is presented as being a central characteristic of Fair Trade, not only by the Workshop, but by all who advocate it. However, it is not always simple to establish a commercial partnership between producers, importers and consumers. The Workshop highlights the fact that the various stakeholders in the Fair Trade movement do not necessarily pursue the same objectives: “For stakeholders from the North (...) commercial partnerships are often a means of raising consumer awareness, whereas producer groups are above all interested in increasing their sales.” (2001-4:1)

### 2.4 The success of Fair Trade

Until very recently, distribution of Fair Trade products was restricted to alternative distribution networks, transiting primarily through purchasing syndicates and charity shops - the **integrated channel** distribution model. Toward the end of the 1980s, the creation of the first Fair Trade label, testifying to the product's production and trading conditions, enabled Fair Trade products to breakthrough into other distribution networks including multiple retailers, a step that made Fair Trade products accessible to a mass market; this gave birth to the **Fair Trade labelled channel**.

Fair Trade has taken off in a big way since the introduction of Fair Trade products into the multiple retail networks made possible by the development of Fair Trade labelling. The increasing numbers of responsible consumers concerned by the social and environmental costs of production provide for the movement's success in the North. Thus, even though market share often remains marginal (although Fair Trade bananas have 23% of the Swiss market<sup>st</sup>), sales have continued to grow in recent years. Various Fair Trade products are now available: tea, cocoa, honey, sugar, bananas, orange juice, etc. Since 1997, the Fair Trade Labelling Organization (the international Fair Trade labelling body) has coordinated labelling of Fair Trade products. Specific criteria govern production and trade in each Fair Trade channel.

### 2.5 Regulators and transformers: two visions of Fair Trade

Labelling and the appearance of labelled products on supermarket shelves certainly accounted for a significant increase in Fair Trade sales, whilst also lying at the heart of a debate between different stakeholders. In the Workshop's view, the visions of the various Fair Trade stakeholders lie along a

continuum that runs from **regulators** to **transformers**<sup>3</sup> (2002-3:26). At one extreme, Fair Trade is seen as a springboard to allow marginalized producers to access world trade, and as a means of introducing a degree of regulation. The emphasis is on maximizing the amount of Fair Trade products available on the market so that a maximum number of producers benefit from the sale of their product. The volume strategy driven by labelling reflects this mindset. For the transformers, Fair Trade must act to transform the rule of international trade in a more fundamental sense. The transformers are concerned that the movement does not end up espousing a form of liberalism. Concentrating only on integrating producers into international markets, and thus the quest for greater market share, has the result of moving the movement further away from its aim of transforming the international trading system.

“Paradoxically, Fair Trade could then be seen only as a mechanism for increasing efficiency and equity in the market by improving information to consumers and by removing certain barriers to market entry. The advocates of Fair Trade would then join with the liberals in the belief that in order to achieve a fair regulation of trade based on consumption, it is sufficient to achieve transparency in pricing and the production conditions of goods and services.” (1999-1: 3)

The movement thereby runs the risk of losing its transforming potential, and becoming no more than a mere instrument to regulate and mitigate the economic system (Johnson, 2003 bulletin). In essence, Fair Trade is torn between these two fundamental perspectives — transform the market or aid the maximum possible number of producers — hence the divergent views of the stakeholders who tend to favour one view or the other.

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<sup>3</sup> This typology appears for the first time in the Workshop's Proposal Paper.

### 3. Strategic issues for the Fair Trade movement

In this section, we present a succinct overview of the strategic questions concerning the evolution of the Fair Trade movement raised by the Workshop since it began to examine the issue. The aim is not to exhaustively restate the Workshop's proposals and strategies<sup>4</sup>, but to set out the issues facing the Fair Trade movement as core themes, and to present the Workshop's views thereon.

#### 3.1 Certification

Certification is a major strategic issue for the Fair Trade movement, as it is both the source of its success and the object of great debate within the movement. Labelling, which was the key to the appearance of Fair Trade products on supermarket shelves, is to a large degree responsible for Fair Trade's success amongst consumers. In the 2002 Proposal Paper we made a full presentation of the various challenges that labelled distribution poses. The strategy has great limitations in terms of cost and the number of products that can be certified. At present, certified products are fairly simple and so it is easy to monitor the entire production chain. In the case of products composed of a mix of Fair Trade and non-Fair Trade ingredients, the situation is already more complex. Similarly, certification of manufactured products and services such as tourism poses a considerable challenge for the movement. The Workshop underlines the necessity for international consultation concerning multi-ingredient products, and wonders whether certification by product really offers the best solution for Fair Trade, or whether other solutions might be envisaged (2002-3).

Johanne Wilk Tatin (2002-3:22) proposed a certification label for organizations. In 2004, the IFAT launched its **organization label** (Fair Trade Organization Mark – FTO-Mark) applicable not to products but to Fair Trade organizations. Audet (2004-1) reported that the IFAT was thereby seeking to restore the original vision of Fair Trade, i.e. to move to bring consumers and producers closer together as their relationships had become less direct with the appearance of certified Fair Trade products in supermarkets. The label for Fair Trade organizations promoted by IFAT is a quality label testifying to the organizations' commitment to Fair Trade in relation to consumers, actors in conventional trade and political authorities. It is therefore not set up to certify organizations' products, but the organizations themselves. This means that the entire business chain can operate according to Fair Trade principles established to address, in particular, areas such as working conditions (including remuneration), child labour and the environment. IFAT has set up an auditing and monitoring system to ensure that organizations using the label respect the standards. The system is based on three stages: self-assessment, peer review, and external auditing.

However, in 2005 the success of food products sold by multiple retailers under the FLO label aroused the envy of IFAT members who were keen to see their handicraft Fair Trade production sold in the same way and, especially, with the same level of success (Bisaillon, 2005). In a climate where sales of Fair Trade hand crafted products are increasingly difficult to make, many are of the opinion that IFAT should develop strategies to place these products in the supermarkets in the same way as food products bearing the FLO label. The fact is that although the organization label is a means of identifying membership of the Fair Trade movement, it is not enough to permit the entrance of products manufactured by FTO-Mark certified organizations into multiple retailer distribution circuits as it is not the product itself that is certified. In the Fair Trade handicrafts field, product renewal is far more crucial than is the case with foodstuffs, a fact that poses an additional challenge in terms of promoting and selling the products. In short, there are two strategies, the IFAT and FLO strategies, and two types of distinct products, foodstuffs and handicrafts. The

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<sup>4</sup> For further details we invite readers to consult the document list in Annex A.



FLO label was created specifically to facilitate the placing of Fair Trade products in supermarkets, mainly simple food products. The IFAT label, on the other hand, is part of a more general approach designed to promote Fair Trade and its member organizations, operating essentially in the handicraft sector.

**Certification of major production enterprises** (plantations, factories, etc.), although already allowed for certain product categories, is an issue that causes much debate. Some take the view that this type of production is fundamentally unjust, which justifies the refusal to include them as partners in their own right in the Fair Trade movement. Others, on the other hand, are of the view that the movement cannot ignore this style of production as it involves many workers and families living and working under difficult conditions. This point was raised by the Workshop in 2002 and it remains a hot issue in 2005. At the Quito conference it was this point that led to the FLO being criticized time and time again by IFAT members, who are on the whole hostile to the certification of large enterprises.

As Fair Trade becomes more popular, increasing numbers of labels and codes of practice are appearing in the market at a time when the term 'Fair Trade' and similar appellations are not always protected. This situation creates confusion in the mind of the consumer. In this context, the Workshop identified one of the risks run by the Fair Trade movements as the **Fair Trade concept becoming commonplace, with a consequent loss of control over content** (2002-3).

During a period when it is becoming harder to find outlets for Fair Trade goods, **product quality** becomes a vital factor. The Workshop considers that the movement must encourage producer groups to improve the quality of their products, plan more accurately, and help them to find alternative sources of funding (2001-4). The quality aspect was another hotly-debated issue at the Quito conference. Paradoxically, Fair Trade seeks to assist marginalized producers (some go so far as to say the "most marginalized"), but at the same time, in order to penetrate the Fair Trade system the marginalized producers are required to exhibit organizational qualities and to present a quality product. More fundamentally still, whereas certification should permit the introduction of more Fair Trade products onto the market, and thus a greater participation by producers from the South in the system, it can also amount to an **entry barrier** for small organizations that have trouble meeting the organizational, financial and quality thresholds demanded for Fair Trade certification<sup>5</sup>.

Fair Trade certification is just one certification amongst others for producers who often need one or more organic certifications before entering some markets. The development of **synergies between organic and Fair Trade certifications**, perhaps even the design of a joint certification, is a solution often advocated by producers as a way of easing the verification and inspection processes whilst also lowering certification costs. The Workshop is, however, wary of falling into the trap of technical-only cooperation that would marginalize small producers (2002-3).

Finally, it is far from easy to **render the criteria for Fair Trade operational** in either the Northern or Southern hemispheres; the 2005 IFAT conference heard complaints from producers and buyers alike. In the North, people complain of late or missing deliveries and quality problems. In the South, the complaints concern cancelled orders, advance financing that is increasingly difficult to obtain or arrives late, late payment, lower prices paid, the aggressive attitude of buyers and attempts to haggle about prices. The charge is that the North creates false hopes. It is not as easy as people had hoped to establish a Fair Trade commercial partnership. But more profoundly, if the North is not able to respect its own requirements, how can it find the legitimacy needed to continue to ensure that the Fair Trade criteria laid down in the South are

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<sup>5</sup> One of the conclusions arrived at during the 2005 WSF.

respected? There is severe disillusionment amongst organizations from the South that find themselves operating under criteria twice as strict as those in force in the North. This situation highlights the complexities of attempting on the one hand to achieve a trading system that is fairer, more just and takes accounts of local realities whilst also operating within a framework of true partnership, and on the other hand attempting to reconcile the commercial imperatives that demand quality and performance. During the 2003 WSF, the question arose as to whether certification labels were really necessary, were they instead simply transitional, and what criteria were the certification agencies themselves answerable to? (2003-1). Questions need to be asked about the asymmetric application of Fair Trade criteria between various stakeholders from the North and South.

### 3.2 Retail practices

The question of retail practices is, along with certification, undoubtedly the most controversial issue within the Fair Trade movement. Attempts are made to increase the availability of Fair Trade products to consumers by creating alliances between Fair Trade labels and certain multiple retailers. The Workshop identifies a so-called **contamination logic**, according to which involving chain store operators results in them inevitably becoming more committed to respecting human, economic and environmental rights (2002-3:26). “There is nothing shocking (...) in the participation of certain multiple retailers in the distribution of Fair Trade products so long as the certifying bodies are able to warrant the ethical worth of the products, as symbolized by their independent labels” (1999-1). Conversely, opponents of this strategy contend that the involvement of multiple retailers will tend to **denature Fair Trade** and to confine it to a niche market. The participation of multiple retailers in Fair Trade is thus simply an opportunity for them to diversify their product offer and will have zero impact on their usual practices. Furthermore, by entering the chain retail market, Fair Trade stakeholders are required to compete with that sector's traditional stakeholders, including the retailers themselves, who may wield considerable power. Over time, the fear is that the idea of fairness will become absorbed by the dominant market model. “The coherence between Fair Trade and the method used to retail its products is, in the long-term, an issue of primordial importance for the advancement of the movement.”(2002-3:26). The responsibility shown by retailers relative to the distribution of Fair Trade products is thus a major issue for their entry onto the market<sup>6</sup>.

However, the sale of Fair Trade products through conventional chain retail channels has long been established. It is possible to believe that the movement's most radical and militant arm, associated with the alternative distribution networks, has lost influence thanks to the constant increase in sales of Fair Trade foodstuffs via multiple retailers and the stagnation, even decline, in sales of Fair Trade handicraft products (Bisaillon, 2005). The objective of seeking to transform the dominant economic model remains one of the movement's *raison d'être*, but no longer appears to be its central tenet. According to our observations at the biannual IFAT conference, the arguments are no longer framed in terms of regulator vs. transformer, or transformation from inside vs. transformation from outside. According to stakeholders, the question now is how to distinguish 'real' Fair Trade - originally developed by Fair Trade organizations and aiming to empower the most marginalized producers - from 'Fair Trade-lite', which has evolved consequent to the entry into the market of 'responsible' multinationals and other ethical labels that threaten Fair Trade. During this conference IFAT, traditionally associated with the most militant wing, clearly opted for the market.

### 3.3 Local development

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<sup>6</sup> See, for example, the effect of Biocoop in France (2003-3).

One of Fair Trade's objectives is to promote sustainable development, especially for the benefit of marginalized producers. The Workshop identified some advantages of Fair Trade for small independent producers: direct market access, fair prices, access to advance funding, and long-term commercial relationships. Fair Trade can even lead to stimulating new openings in the conventional market and thus contributing to improved relations between traditional stakeholders. Primarily seen as North-South trading based on the production of cash crops for export, Fair Trade, despite aiming for sustainable development, is confronted by several obstacles (2003-1). On the one hand, the Workshop noted that producers from the South often have more partners from the North than from their own countries. Furthermore, Fair Trade represents only an infinitesimal percentage of international trade. Finally, little is known about the impact of North-South Fair Trade in terms of local development, notably its potential for strengthening communities' autonomy and food sovereignty. Despite the fact that guaranteed minimum prices and long-lasting commercial relationships both improve economic security in the medium term, and as a consequence can potentially ensure greater food security, the fact remains that Fair Trade products are principally aimed at export markets (2001-2). In practice, the development of Fair Trade relationships can lead to more crops being grown for export to the detriment of local staples, thus forcing people to buy or even import foodstuffs that are no longer grown locally.

Fair Trade alone would not appear capable of providing a satisfactory answer to problems of food sovereignty and integrated development at the local level. As a consequence, the Workshop notes the emergence of a number of innovative trading practices — in the North and South — that attempt to solve this problem of local development, be it organic farming, fruit and vegetable basket systems or experiments in Fair Trade at the local and regional levels. Since 1999, the Workshop has been of the opinion that “Fair Trade must come up with an expanded definition of its objectives, allowing it to embrace new models whose focus is more on local development.” (1999-1: 4). At the 2003 WSF, many participants in the workshop sessions highlighted the importance of rethinking Fair Trade at the local level, stressing the need to develop Fair Trade ties in the South within countries, and then between countries of the South, applying the same pattern equally to the North, and only then starting to consider North-South trade. This idea proposes to hierarchize Fair Trade into different tiers of action. And during the 2005 WSF, stakeholders operating a style of informal, local and solidarity-based Fair Trade denounced the exclusive appropriation by institutional and international practices of the term Fair Trade itself (Gendron, 2005). Thus there exists a spectrum of practices capable of coming under the umbrella of Fair Trade that promote improvements in the lives of producers from the South and with which the Fair Trade movement needs to develop new synergies.

### **3.4 The impact of Fair Trade**

There is little research into the impact Fair Trade has on the lives of producers. Whilst some producer organizations are well known for their success, as a rule these organizations know little of the impact of Fair Trade aside from the easily assessed economic effects. Measuring the social, economic and environmental impacts of Fair Trade is especially important in that Fair Trade is not an end in itself; rather, it is a means to attain certain objectives.

If Fair Trade is to truly position itself as a sustainable alternative trading model, the movement must start to reflect on the environmental impacts resulting from the trade in its products. Being an international trading system, Fair Trade necessarily generates excess pollution and packing because of the transport aspects. The Workshop wonders whether it can be justifiable to import Fair Trade products into countries where these goods are produced locally or in cases where substitute products exist; obvious examples are Fair Trade cut flowers delivered via air freight, honey that could be produced locally in the importing country by small-

scale producers, or Fair Trade orange juice imported in Germany, a country that produces its own blackcurrant juice with a comparable vitamin C content. The environmental impact of international Fair Trade provide the logical underpinnings for the development of local and regional Fair Trade systems. However, it is also legitimate to ask whether strategies of this type, limiting the development of Fair Trade networks, do not also result in limiting producer countries to the role of producing cash crops and raw materials.

### **3.5 Inequalities and Fair Trade**

In the Certification Section we highlighted the fact that certification and its attendant standards — sometimes hard for producers to meet — could constitute entry barriers for small producers. Whereas Africa is the most marginalized continent in terms of international trade, producers from Africa are also the least numerous within the Fair Trade system compared to producers from other continents (2005-3). Producer organizations from the South have long demanded a greater role in the operation of Fair Trade bodies. It is often a matter for regret that Fair Trade standards for countries of the South are dictated by the North, and that producers from the South are required to submit to the demands of consumers from the North. The question is to understand in what way Fair Trade genuinely promotes equality of chances for all, be it the entry of new producers into the system, the operation of its institutions or, more broadly, in terms of the international trading model that it proposes.

### **3.6 Communication, circulation of information and information for consumers**

At a time when Fair Trade is defined as a commercial partnership founded on transparency, many stakeholders, especially producer groups, do not enjoy equal access to information. Communication and circulation of information between producers, distributors and consumers on the basis of true reciprocity has, since the very start of the Workshop's work, been considered to be a strategic challenge that the Fair Trade movement must continue to strive to meet. All directly concerned stakeholders must join the process of reflecting on the directions Fair Trade should take, not just specialist and academics. In the same way, the participation of stakeholders from the South in the core institutions is vital for the development of the Fair Trade movement. This point is raised time and again by producer organizations from the South.

Information provided to the consumer is a very important issue for the development of the Fair Trade movement. Increased sales of Fair Trade goods and campaigning for a fairer trading system both rely on the involvement of critical and responsible consumers. Not only must the movement continue its efforts to raise awareness amongst consumers, but more generally, in the view of the Workshop, it must link the Fair Trade movement to the movements promoting ethical and responsible consumption.

### **3.7 Synergies with other initiatives and movements**

Fair Trade would be well advised to develop synergies with other alternative trade movements, notably ethical trade, the cooperative movement, fruit and vegetable basket systems and organic farming. The Workshop is of the view that the Fair Trade and ethical trade movements must forge ties as these are complementary initiatives whose purpose is to re-balance and render more transparent trading relations between producers from the South and consumers from the North (2002-1). Fair Trade and ethical trade concentrate mainly on North-South trade relations, working from the premise that these are the most unequal of trading relationships. Enterprises' social responsibility is central to ethical trade, which aims to enforce respect of social and environmental standards based primarily on those laid down by the ILO. Fair

Trade and ethical trade are known for their contribution to sustainable development, certainly as regards three fundamental elements: the quest for internalization of the social and environmental costs of production, the partnership between producers and consumers on which they are founded (applies especially to Fair Trade), and the integration of ethical and sustainability criteria (2002-1). However, ties between these two movements remain very tenuous, as the Workshop members were able to observe during some of the 2005 WSF workshops on the subject.

The cooperative movement has a long tradition of involvement in the organization of alternative production methods, and despite the fact that the Fair Trade movement espouses certain cooperative principles, on the ground there are very few links between these two movements<sup>7</sup>. In Quebec, for example, new forms of exchange are emerging between cooperatives from the South and from the North within the framework of inter-cooperative agreements.

The fruit and vegetable basket system builds new types of solidarity between town and country at the local level and may be thought of as the local expression of Fair Trade. Partnership between producers and consumers in this case is far more obvious, as the consumers pay in advance for the vegetable baskets that they will receive during the harvest season, thus assuming a portion of the production risks.

Finally, organic farming is another example of a practice that is often associated with Fair Trade. There is much that the organic and Fair Trade movements could share, whether certification, an area that the organic movement has greater experience of, distribution or the content of rules and standards.

### **3.8 Public recognition and international trade**

According to the workshop, the promotion of Fair Trade must go hand-in-hand with a public debate of the foundations of current economic policies, the aim being to trigger a process of genuine inquiry into the possibilities of sustainable development (1999-1: 5). Fair Trade is increasingly recognized by political bodies, notably in Europe, but much work remains to be done as this recognition remains limited to North-South trade (2002-3:18). Governments must offer more than just symbolic actions if Fair Trade is to have real significance. At several moments during the Workshop's work, therefore, it was noted that the true contribution made by Fair Trade is its potential and its audacity in seeking to transform the rules of trade and the economy in general, and to incite debate about the issue.

During the Lima meetings in 2001, Fair Trade stakeholders reflected on the impact international agreements had on Fair Trade and vice versa, seeking to explore how to use Fair Trade as a lever for change in the rules of international trade. On the one hand, mention was made of the fact that Fair Trade broke trade rules as in theory WTO agreements forbid "discrimination between two products on the basis of process or method of production" (2001-4: 5). This principle is a threat to the development of Fair Trade, especially because it is capable of requiring limits to be set on the labelling of Fair Trade products and on the amount of information provided to the consumer, and because there is a fear that it will undermine the efforts made to build a legal framework around Fair Trade practices. More generally, this principle hampers the process of internalization of social and environmental costs (2001-4). On the other hand, Fair Trade is ideally placed to challenge and monitor international trade practices, specifically trade agreements and institutions such as the WTO, IMF and the World Bank. For example, there was a proposal to identify weaknesses within the operation of the WTO with the aim of using Fair Trade as a lever to change the rules of the institution and to trigger a debate

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<sup>7</sup> This issue was the subject of workshops at the 2003 and 2004 WSF.

within it about the multi-functional nature of agriculture (2001-3; 2001-4). More generally, the Fair Trade movement must seek to initiate a debate about the impact of trade rules on producers and development (2003-6). In essence, the WTO is concerned solely with the name and characteristics of a product, whereas the Fair Trade movement is also concerned with the entire production and distribution process.

#### **4. Towards a new Fair Trade paradigm rooted in 21 century governance principles**

If it is to remain united and coherent, the Fair Trade movement cannot avoid the need for a thorough re-examination of its objectives and the means it employs to bring them about. The presentation of the various issues raised by the Workshop highlights certain of the movement's objectives that may be thought hard to reconcile. It is in order to foster the coherent development of the Fair Trade movement that the Workshop seeks to promote a new paradigm for Fair Trade. The Workshop has chosen the following definition of Fair Trade, one that is based more widely on socio-economic factors: "Fair Trade may be defined as a set of socio-economic practices [alternatives to conventional international trade (2002-5)] that enable the development of a new form of trade and solidarity at different levels, and that contribute to the sustainable and equitable development of communities and the people that live there." (2002-3:46). Also according to the Workshop, Fair Trade stands in opposition to the international division of labour, offering a fairer trading system built around partnerships based on trust, transparency, fairness, and long-lasting relationships. It reaffirms that trade ties are founded on social ties, seeking to re-socialize the act of trading and aiming in a broader sense to re-humanize trade.

The foundations of this new paradigm are:

- we reaffirm the plurality of a movement which, although traditionally associated with the establishment of new ties of solidarity between North and South, is concerned more broadly with all relevant initiatives working for greater social solidarity, be they in the North or South;
- the Fair Trade movement pursues many objectives, from challenging the dominant practices and rules of international trade, to sustainable development for small-scale producers, and the establishment of new forms of solidarity between producers and consumers on the local, regional and international level;
- Fair Trade is a partnership based on transparency and access to information;
- Fair Trade is in the broadest sense part of the movement towards sustainable development and is not an objective in itself. (2002-3)

Fair Trade therefore aims to embed the realm of trade in an economy that should be at the service of humanity and respectful of the environment. It therefore participates in initiatives promoting a new kind of governance for the 21<sup>st</sup> century (Calame, 2001). We will take another look at each of these principles and at how Fair Trade can, if projected in a broad context as proposed by the Workshop and as an element of a social and solidarity economy, be part of and contribute to these principles of governance.

##### **4.1 Governance is based on a territorial approach and the principle of active subsidiarity.**

Envisaged as a tool for local development, addressing, in particular, the imperative of food security and participating in local supply networks rather than intensifying dependence on markets in the North via increased specialization, Fair Trade contributes to local restructuring within participative democracy. Fair Trade is based on the cooperative structure, and the umbrella organizations that producers adhere to are mandated to reinvest the fair trade price bonus in collective local institutions such as schools, health centres,

skills centres, and so on. The organizational structure of Fair Trade encourages dialogue and cooperation, a process that poses a challenge, but that nevertheless aims at establishing local solidarity between producers in neighbouring regions that could result in concerted strategies for local territorial development. As far as active subsidiarity is concerned, it is important to start by recalling the three fundamental notions that underpin it: the different levels of governance share a joint responsibility, thus moving from looking at how each level tackles the questions coming under its responsibility to looking at how every level can cooperate to resolve global problems; each territory must find specific and relevant responses to the jointly defined governing principles; absolute sovereignty does not exist, since sovereignty over a territory on whatever scale must be envisaged in terms of interdependencies with other territories. Just as it can contribute to territory de-structuring rather than consolidation, a restrictive vision of Fair Trade oriented towards the exclusive goal of introducing products into international trade channels under better conditions bypasses the challenges of active subsidiarity by eluding the responsibility of local authorities which, under the illusion of better trading conditions, submit to economic imperatives dictated by the authorities and consumers of the North. The broader perspective of Fair Trade as proposed by the Workshop envisages instead a movement carried by organizations on the local level liable to take responsibility both for producers' individual daily problems and for the development of the community via training, developing technical expertise, setting up infrastructures, acquiring processing equipment that enables producers to retain a greater proportion of the product's added value, and implementing local solutions to global problems, especially environmental issues (soil quality, biodiversity, etc.). As a local decision-making entity, Fair Trade organizations thus provide, on their own scale, specific solutions to global problems, and cooperate in resolving issues that go beyond their scope by sharing the responsibility for meeting the challenges facing human societies with organizations and institutions on other levels.

#### **4.2 Governance acts as the vehicle for the establishment of plural communities, from the neighbourhood to the planetary level**

Fair Trade organizations in the South encourage producers from several different neighbouring regions to come together and thus participate in the consolidation of territorial groups, their plural nature stemming as much from their geographical diversity as the presence of women and men and participation of native and marginalized populations. But it is interesting to observe that the Fair Trade movement has also generated the emergence of national and international groups with the creation of networks, such as the Latin American Fair Trade network. When it is not confined to a logo and a price, which may be the case within a restrictive and purely commercial definition, Fair Trade is also the springboard for a community that works "for an alternative economy", bringing together producers from the South and consumers from the North, where the economic transaction can revert to its role as providing meaning in the social sense.

#### **4.3 Governance puts the economy in its place**

Fair Trade, in its broader context, is not an end in itself, but a means to achieve a more sustainable development for southern communities and strengthen individuals' capacities by procuring them greater economic security on the one hand, and integrating them in solidarity networks on the other hand, and by making available training, information, expertise, equipment and so on. Furthermore, the very existence of Fair Trade is a formidable means of refusing to accept the supposed inevitability of the "implacable" laws of a blind and amoral market, since it proposes an alternative operational channel for international trade based on new actors and rules far removed from the maximization of marginal utility and the exclusive pursuit of individual interests. The existence of Fair Trade proves that the economy can be shaped by socio-political rules, that it is thus malleable without losing its functionality and effectiveness, and that it is possible to channel it towards social objectives elaborated via collective consultation rather than leaving it adrift at the

mercy of the strategic interests of the dominant actors, in the vain hope that trickle-down will at some point occur.

#### **4.4 Governance is founded on the universal ethics of responsibility**

In the context of Fair Trade, this principle applies especially to the North, where consumers are being asked to become aware of their interdependence with southern producers and their ability to exercise their purchasing power in order to influence the living and working conditions of these people. This means that citizens-consumers in the North *are responsible for the consequences of their acts, intentional or unintentional, planned or unplanned*, just as they are *responsible for not having acted when they had the chance: they cannot hide behind the knowledge of their own impotence or ignorance, or behind the duty to obey*.

#### **4.5 Governance defines the cycle of the decision-making and administration process of public policies**

The reorganization of centres of governance resulting from globalization has shaken up decision-making strategies and the mechanisms of democracy. From this point of view, Fair Trade is positioned as an organized force for opposition, and lays claim to the status of interlocutor with the public authorities in the same way as private businesses in order to take part in the debate on the mechanisms of international trade and the development model to be applied to our societies, in both North and South. The new socio-economic movements act as the vehicle for political projects that they promote both within and beyond national frontiers, in the hope of participating in discussions on the organization of the global economy's system of governance. They thus provide a channel for the global citizen to advocate certain aspirations that are not conveyed by the current system of representative democracy, since they are transformed, purged and distorted by the strictly economic and commercial view of well-being transmitted by state representatives acting as delegates to global economic governance bodies.

#### **4.6 Governance organizes cooperation and synergy between actors**

Fair Trade and new socio-economic movements in general can act on the international stage — where states do not have the dominant position needed for a supervisory role — to call into question transnational corporations on the mechanisms and corresponding consequences of their activities. They thus participate in a real multi-partite dialogue, used to attempt to define the essence and markers of sustainable development on a planetary scale and at the local level. The state participates in this dialogue by frequently providing a framework wherein actors can draw on various means of action for implementing solutions acceptable to all, and backing up the chosen option with a regulatory framework for facilitating and stabilizing at the national and international level.

#### **4.7 Governance is the art of designing systems that correspond to the set objectives**

Because it offers a trading network in parallel to the traditional trading system, Fair Trade calls into question the commercial institutions promoted by public authorities. This questioning process addresses in particular the consistency of a system that, on the one hand, encourages the widening gap caused by inequalities, and on the other hand offers “aid” so that the countries concerned can recover from the inequalities; it also raises the delicate question of the possibility of consultation and cooperation on global problems, whereas the inter-state forums, highly restrictive and functional, are founded on a logic of competition and negotiation aiming to maximize the interests of the various parties, without taking into consideration the repercussions on the issues that concern all. Fair Trade thus exposes the inconsistencies within governance, and calls for deliberation on the setting up of governance institutions designed to meet inter-state and shared challenges.



#### **4.8 Governance is used to control the flow of exchanges between societies and between societies and the biosphere**

Because it rejects the notion of the commercial transaction where all relevant information on a product is reduced to the price, Fair Trade opens up the way for governance of flows founded on objectives that transcend the abstract concept of maximizing marginal utility. The quality of the environment and development potential, or capacity-building, of the marginalized peoples of the South become relevant information liable to channel, orient or modify the flows of exchanges between societies. The information that they transmit allows Fair Trade labels and other responsible consumption labels to reinvest the products, and thus the purchasing act, with a social and political content, orienting the market dynamic towards shared objectives of sustainable development.

#### **4.9 Governance is the art of managing in the long term and anticipating the future**

The view of the economic transaction conveyed by Fair Trade is out of step with the atomic vision of social relations advocated by prevailing opinion. Fair Trade looks at commercial relations from a long term point of view, where the win-win outcome of the economic transaction is built up over time within a partnership that allows the two agents to co-evolve. The notion of the economic transaction conveyed by Fair Trade thus enables agents to anticipate the future since it is based on a long term approach.

#### **4.10 The effectiveness of governance lies in its legitimacy**

As Fair Trade institutions adopt a broader definition of Fair Trade and open up to participation by southern actors, they will increasingly be recognized as legitimate actors, not only in terms of their commendable goals, but also for their deep-rooted relationship with concerned populations. The challenge of legitimacy increases in significance in view of the fact that Fair Trade institutions aim to address a means for reforming the international trading system, and position themselves as an interlocutor both within the nation state and on the international stage.

## 5. The outlook for Fair Trade and the Alliance Fair Trade and Ethical Trade Workshop<sup>8</sup>

Workshop members were asked to respond to the following questions:

*What does the future hold for Fair Trade, i.e. where next for Fair Trade?*

*In the light of these changes, how should the Workshop position itself, what role should it play and what should its programme be?*

### 5.1 Outlook for Fair Trade in the future

#### 5.1.1 Identity and fragmentation of the movement

Identification and recognition of Fair Trade, whether through FINE specifications or other standards such as Utz Kapeh or the Rain Forest Alliance.

**Widening differences in terms of outcomes sought.** As detailed by the Workshop, fundamental differences exist within the Fair Trade movement concerning the nature of Fair Trade, its purposes and the strategies to follow. There are essentially two positions: regulators (through the market) and transformers (through construction of a true social movement). These differences have become more marked over recent years, and although not formally acknowledged as such, the contradictions are all too clear in the debate about Fair Trade in a local, national, regional context (also called South-South) when it comes to issues of certification, the level of control exercised by producers and consumers in the various sales systems, the appearance of new regional producer networks, etc. There is a risk that parties will express their opinions in increasingly radicalized ways, as the positions of the major Fair Trade actors (large cooperatives in the South, importers in the North and FLO) combine to create entrenched institutional differences that are hard to reconcile with the founding principles of Fair Trade. One of the consequences of this radicalisation may be a loss of legitimacy by the large international networks.

One of the greatest threats to the Fair Trade movement is internal divisions about certification and chain retailers.

**The regulator/transformer conflict.** Naturally there are conflicts within the current movement. However, it is not certain that the regulator/transformer description correctly translates them. If the transformers remain a purely social movement, they are no longer Fair Trade or solidarity economy actors, but simply social activists. But trading takes place even within this movement. It is therefore indisputably an economic movement as well as a social movement.

#### 5.1.2 Fair Trade and the conventional market

Fair trade is an excellent way of seeking accountability from businesses as it requires them to consider the unfair and non-organic characteristics of their products.

How can consumers force businesses to be accountable?

What is retailers' responsibility vis-à-vis distribution of certified products?

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<sup>8</sup> This section is based on the comments received from Thierry Brugvin, Eugénie Malandain, Arun Raste and Arturo Palma Torres from the Fair Trade Workshop, part of the Alliance for a Responsible, Plural and United World. See also Annex B, *Will Fair Trade change the world?*, written by Arturo Palma Torres, a presentation of the Workshop's activities for the *Fondation pour le Progrès de l'Homme*.

Are suppliers of fair/ethical products capable of forcing chain retailers to improve their practices? Of dictating partnership terms? If at present the balance of power does not favour producers, it is possible to approach parity by linking up with consumer and cooperative movements and with others working to improve corporate social responsibility.

**The increasingly important role played by private companies in Fair Trade.** The advent of Fair Trade certification bodies had a profound and lasting effect on the sector, notably by popularizing the concept and securing the appearance of FT products on supermarket shelves. The question is no longer whether or not chain retailers will sell FT products — this is a *fait accompli*! The question today surrounds the conditions under which products are sold. In this matter, the task is to work with businesses to achieve greater respect of international standards for production and sales processes, and environmental norms. There are two separate strategies now current: strengthen internal efforts within companies intended to heighten social and environmental responsibility — what is known as CSR — or to create multi-actor action platforms (notably with NGOs, trades unions, environmental associations, etc. ) to exert pressure from the outside by appealing to the public for support.

From the sustainable development perspective, it is important to recognise the links between Fair Trade, ethical trading and social responsibility. And even though private businesses are partners in Fair Trade, it is also essential to establish the specific nature of Fair Trade as distinguished from the field known as corporate social responsibility.

Convergence between Fair Trade and ethical trading is fundamental to the multiplication and strengthening of protest actions.

Fair Trade is not an objective in itself; it must aim to force commercial regulations to defer to fundamental rights of labour, individuals and the environment, i.e. to sustainable development.

### 5.1.3 The certification/verification system

In time, only a verification system performed or financed by public authorities can ensure auditors' true independence. For so long as controllers are paid by those that they control, the minimum levels of independence will not be achieved. All private financing, even indirect (membership of a trade body) in time leads to competition for survival between trade bodies of similar types, something that is not compatible with truly independent verification.

### 5.1.4 Relocalisation of trade and the special challenges facing the South

The development of regional and national labels will allow small producers to take off, to the extent that it is at times hard for them to join international labelling schemes.

The expansion of the market with the aim of allowing equitable producers access and improving their socio-economic conditions; however, such expansion appears limited in the light of demographic growth.

Bring the informal sector in from the shadows. In most Southern countries, the informal sector is the primary source of development. This sector, characterised by the formidable creativity of civil society in countries of the South, has few if any connections with international trade, a fact that limits producers to finding local outlets for their products. It is necessary to connect these small producers with the Fair Trade movement, a development that in time could become a basis for promoting North-South trade as well as responsible consumption.

The reorientation of trade flows towards more locally-based markets, which we might term the

relocalization of the economy, or perhaps deglobalization (Walden Bello).

**The development of Fair Trade systems in countries and region of the South... and North.** Recognition of the limitations of South-North Fair Trade, if only because of the limited outlets, leads producers to seek alternative forms of outlet other than export to the markets of the North. The current trend is to seek outlets in local, national and regional (within the same continent) markets. It is in this idea that the future of FT lies, both as a solidarity economy activity, a transformational social movement and a motor for the development of sustainable development at the local level. Even if each situation needs to be examined on a country-by-country and region-by-region basis to see if there is a genuine future for local FT, it is undeniable that this is a tendency that is winning over more and more converts, in the North as well as in the South. If it continues to develop, the current characteristics of FT will undergo radical change, especially in terms of social control over systems put in place by producers, consumers, trades unions, local authorities and NGOs, which will witness a rebalancing of power in favour of producers.

Target new markets so as to increase sales in a way that meets the needs of the growing number of producers of FT products.

#### 5.1.5 Inserting Fair Trade within broader reform movements

**The search for broad-based alliances to work for reform of the international trading system, seeking the establishment of equitable trade rules.** The requirement for Fair Trade bodies to join the debate about international trade rules appears to be gaining ground over the past few years. Based on the experience gained by FT operators and the movement's very positive public image, international FT bodies belonging to the FINE network are attempting to launch international campaigns and to develop ties with NGOs and trades unions so as to gain greater influence at international conferences. Here too differences in approach are evident, as there is a strong temptation to lobby for a specific system to govern Fair Trade, separating it from overarching questions related to globalization. Fortunately, these overarching questions about raw material prices, protection of national markets (food sovereignty), the respect of social rights, and environmental pacts appear to be gaining the upper hand, allowing consensus to emerge. Actions of this type (campaigns, participation at WTO and UNCTAD meetings, negotiations with governments, etc.) allow FT actors to break free from their isolation and to forge strong links with other actors from civil society. This process should, furthermore, help to achieve positive outcomes to possible future internal crises, as these will increasingly be resolved with the help of allies. This issue is part of the complex question of governance on the national and international level. Can we talk of "equitable regulations"? Yes without a doubt, even if other terms would be more appropriate, such as "a balanced and sustainable system of international regulations". It is crucial to understand that even at the national level, the rules are made on the international level.

#### 5.1.6 Ontological transformation of the act of consuming and the development of the consumer conscience

**Consumer evolution towards a more critical and responsible attitude vis-à-vis the consumer society.** Even though the position has yet to stabilize, this general trend towards ethical consumption is definitely perceptible, notably amongst the middle classes in the countries of the North. The succession of crises in the food sector (mad cow, dioxin-contaminated poultry, adulterated foods, bird flu, etc.) has helped significantly. This is a strategically vital cultural battle, centring on one of the pillars of the capitalist production system: the consumer society. Some Fair Trade bodies are heavily engaged in this area, educating people about Fair Trade and responsible consumption; they are positioning this campaign to be as important as the sale of products and as lobbying activities directed at political leaders and businesses. The upshot of this battle depends on the ability of Fair Trade movement to influence consumer organisations and national education

systems in this matter.

## **5.2 Fair Trade Workshop positioning and programme for the next few years**

This section presents the various proposals put forward by Workshop members for its positioning, role and programme in relation to the issues raised above.

Workshop positioning

Below are the positioning proposals made by members:

- promote a broad vision of Fair Trade by creating ties with other social actors;
- study Fair Trade's impact on producers;
- study Fair Trade's impact on the transformation of international regulations;
- study the challenges of the Fair Trade supply chain. Studies carried out in both the North and South would look at prices, quality and certification. Special study could be made of Latin America for foodstuffs, Asia for crafts, and Canada and France for the markets of the North;
- study the question of labels and certification. It is an attractive idea to imagine domestic Fair Trade in a South-South context. But only a very few countries have the capacity, resources and cash to establish a labelling and certification system, and rare too are people aware of these issues. These problems must be studied and solutions proposed; this is something that the Workshop could take on, in that FINE is involved in the promotion and expansion of market share in existing markets;
- explore connections between social responsibility, consumption and ethical trading, and Fair Trade;
- study the fears and challenges facing small producers from the North vis-à-vis Fair Trade;
- explore the possibility of alliances with SMEs, even in the North. SMEs suffer at the hands of globalization in that large businesses force them out of the market because of price and quantity restraints that SMEs are unable to meet.

The Workshop should participate at international meetings, where it should make its positions known to more people, and to more influential people. Participation in WTO and UNCTAD forums is more important than at the WSF because the WSF offers a platform to preach to the converted alone.

The Workshop should consolidate its place as a working group able to aid the Fair Trade and solidarity economy movements to better analyse their practices and strategies, offering actors a space for deliberation and a chance to take a step back from their daily actions on the ground. This work to systematize the deliberations and experience of actors, businesses and authorities in relation to Fair Trade and responsible consumption is the best contribution that the Fair Trade Workshop can make to other WSSE workshops and to the Alliance as a whole.

In practical terms, this means:

- better definitions of the concepts that we work with;
- strengthening its observational, analytical and systematization capabilities by recruiting from a wider pool than Fair Trade networks alone, although without ever losing touch with them;

- continuing its work on responsible consumption, public regulation at various levels, and CSR;
- disseminate its analyses to interested actors and decision makers: producers, consumers, FT operators, public authorities, businesses.

In each of these areas, the search for common ground cannot be accomplished to the detriment of recognising the differences and contradictions that exist between actors and between Workshop members.

### 5.2.2 Proposition of a working programme for the Workshop

Regarding a working programme for the next three years, below, with a few additions, are the proposals already made on the ft-team list:

- publication of a book of our analyses and prognoses (2006);
- production of a study into existing certification systems<sup>9</sup> (2006-2007);
- production of a study of Fair Trade indicators (economic, social and environmental)<sup>10</sup> (2006-2007);
- establish links with consumer organisations <sup>11</sup> (2006-2008);
- analysis and systematization of concepts and practices surrounding ethics, responsibility and citizenship<sup>12</sup> (2006-2008);
- analysis and systematization of experiences and practice in public regulation at all levels (2006-2008).

These activities should reflect the different situations prevailing in the world — especially in the South — by co-opting citizens of these countries to join our work whenever necessary. Similarly, the Workshop's work has no meaning without horizontal exchanges with members of other WSSE workshops, especially Indicators, EASR, Women and the Economy, International Regulations and Vision (see the website [www.socioeco.org](http://www.socioeco.org)).

We need to focus on links between work programmes and the search for funding, based on two simple rules:

1. the people interested in getting involved in one element of the defined programme must help in finding

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<sup>9</sup> We need to demonstrate the advantages and limits, without resorting to an ideological debate. (Pierre Johnson's comments.)

<sup>10</sup> This study will be very useful for the movement, especially since few of them exist. We could find co-funding for the studies. (Pierre Johnson's comments.)

<sup>11</sup> Sadly, most of these associations are not up to date on the reality of responsible consumption practices. Is consumption an area of activism in itself? I have doubts on this subject. It would thus be a sociological study rather than anything else. What would its practical implications be? I propose instead establishing a link with groups that would enable us to develop studies on Fair Trade impact and indicators. Groups of ecologists, for example. (Pierre Johnson's comments.)

<sup>12</sup> This is the objective of another WSSE workshop, International Regulations. Pierre Johnson participated in this group in 2003-2004, but another member could take over the role in order to serve as the link between the two workshops. (Pierre Johnson's comments.)

- funding for the work (or be able to do the work on a voluntary basis);
2. there needs to be realignment/solidarity between the funding of studies (easier) and of coordination work (more difficult). We are currently too dependent on the *Fondation Charles Léopold Mayer pour le Progrès de l'Homme*. The Workgroup on Solidarity Socio-Economy as a whole is seeking to diversify its funding sources.

The programme must not be exclusively oriented towards studies (except for the question of consumer associations). I see that as a limiting factor, to the extent that some coordination work remains necessary. We also forget that we have supported participation in the Latin American Fair Trade meeting, and that we have a major project for a Fair Trade meeting in Africa, which sadly is having trouble finding funding. This task of coordinating public debate is indispensable. We must not neglect it for the 2006-2008 period.

**Annex A:** List of documents used in drawing up the summary report of the activities of the Fair Trade Workshop

**1999**

Chantier Commerce Equitable. 1999. Commerce équitable et consommation éthique - vers des échanges conscients et solidaires. Texte de synthèse rédigé après une rencontre du chantier "commerce équitable" en novembre 1999 à Paris (France). 7 p. (1999-1)

Chantier Commerce Équitable. 1999. 1<sup>re</sup> réunion du Chantier Commerce Équitable : Enjeux, propositions et pistes d'action, Tableau synthèse. 1 p. (1999-2)

Chantier Commerce Équitable. 1999. Synthèse du groupe de travail francophone, Tableau Synthèse, 1 p. (1999-3)

**2000**

Pierre Johnson. 2000. Nouvelles du chantier Commerce Équitable, 8 nov. 2000, 2 p. (Lettre envoyée pour la préparation du cahier de propositions) (2000-1)

**2001**

Chantier Commerce Équitable. 2001. Texte de cadrage du Forum Commerce Equitable (janvier). 5 p. (2001-1)

Pierre Johnson. 2001. Le commerce équitable et la souveraineté alimentaire. Contribution du chantier Commerce Équitable de l'Alliance pour un monde responsable et solidaire au Forum Mondial sur la Souveraineté Alimentaire, La Havane, Cuba, 3-7 septembre 2001. 6p. (2001-2)

S.A. 2001. Compte-rendu de la rencontre latino-américaine sur le commerce équitable et la consommation éthique dans la perspective de la solidarité globale, Lima (Pérou) - 15 - 17 mars 2001, 6p. (2001-3)

Chantier Commerce Équitable. 2001. Propositions pour le développement d'un commerce équitable au XXI<sup>e</sup> siècle, 6 p. (2001-4)

**Other Documents**

Calame, Pierre. 2001. *The principles of governance in the 21 century. Shared principles of governance, applicable both to local management and to global governance, produced by the work of the Alliance for a Responsible, Plural and United World.*

**2002**

Comité Français pour le Sommet Mondial sur le Développement Durable. 2002. Groupe 12 : Commerce



éthique et Commerce équitable, Notes de travail du groupe "commerce éthique et commerce équitable" du - Sommet de Johannesburg 2002. 8p. (2002-1)

Comité africain de pilotage pour le Sommet Mondial pour le Développement Durable. 2002. Position sur la Mondialisation, 2 p. (2002-2)

Pierre W. Johnson, Françoise Wautiez. 2002. Cahier de Propositions pour le XXI<sup>e</sup> siècle: Commerce Equitable (version du 1<sup>er</sup> octobre 2002), 77 p. (2002-3)

Texte collectif coordonné et rédigé par Pierre W. Johnson. 2002. Cahier de Propositions Commerce Equitable (2e version 2 octobre 2002), 48 p. (2002-4)

Chantier Commerce Équitable. 2002. Commerce équitable : enjeux et proposition, nov. 2002, 6p. (2002-5)

Meredyth Ailloud. 2002. Réflexion stratégique sur le commerce équitable, 4 p. (2002-6)

## 2003

### 2003 World Social Forum

#### Summary Reports

Équipe d'animation du chantier commerce équitable. 2003. Commerce équitable, Consommation éthique et Coopérativisme : Synthèse de la table ronde et des ateliers sur le commerce équitable, la consommation éthique et le coopérativisme présentés au Forum Social Mondial 2003, Porto Alegre, Brésil, 6 p. (2003-1)

Pierre Johnson. 2003. Synthèse de la table ronde et des ateliers sur le commerce équitable, la consommation éthique et le coopérativisme dans le cadre du Forum Social Mondial 2003. 5 p. (2003-2)

Hugues Toussaint. 2003. Réseau Biocoop : Commerce et distribution équitables. Contribution à l'atelier "Agriculture Biologique et Commerce Equitable: quelles synergies ? - Certification, production, consommation et distribution". Forum Social Mondial, Porto Alegre, Brésil, 25 janvier 2003, 3 p. (2003-3)

Juan José Sánchez. 2003. Consumo Ético, Cooperativismo y Comercio Justo. Seminario Internacional de Economía Solidaria, Forum Social Mondial 2003. 1p.

Chantier Commerce Equitable. Commerce équitable, consommation éthique et coopérativisme. Programme de table ronde et d'ateliers pour le Forum Social Mondial 2003. S'inscrit dans le programme général sur l'économie solidaire. 8p. (2003-4)

Chaire économie et humanisme de l'UQAM. 2003. Numéro spécial du bulletin OECONOMIA HUMANA du mois de février 2003 consacré au commerce équitable au FSM 2003. (2003-5)

## Other Documents

S.N. 2003. Organisation d'une table-ronde sur « Commerce équitable et régulations internationales » dans le Forum Commerce Équitable qui se tiendra à Cancun (2003), 5 p. (2003-6)

Agenda Forum 2003-2004, 1p. (2003-7)

## 2004

### 2004 World Social Forum

René Audet. 2004. Synthèse des activités du mouvement du commerce équitable. Forum Social Mondial 2004, 6 p. (2004-1)

Chantier Commerce Équitable. 2004. Proposition du Chantier Commerce Équitable- FSM 2004, Mumbai, Inde. (2004-2)

## Other Documents

Texte collectif. 2004. Déclaration du mouvement international de commerce équitable - XIème Conférence de la CNUCED, São Paulo, Brésil, 13-18 juin 2004, 5 p. (2004-3)

## 2005

### 2005 World Social Forum

Vincent Commenne. 2005. Responsabilité sociale et commerce éthique et solidaire : des pratiques complémentaires : Points importants abordés dans la présentation de Vincent Commenne, animateur du Chantier RSAE du PSES, Alliance 21, au Forum Social Mondial 2005 : « Commerce équitable – Responsabilité sociétale des entreprises : différences et convergences ». 27 janvier 2005, 2 p. (2005-1)

Chaire de développement durable et de responsabilité sociale de l'UQAM. 2005. Bulletin OECONOMIA HUMANA du mois de mars 2005 portant sur le FSM 2005.  
[www.ceh.uqam.ca/pdf/OeconomiaHumanaMars05.pdf](http://www.ceh.uqam.ca/pdf/OeconomiaHumanaMars05.pdf). (2005-2)

## Other Documents

Aurélien Atidéga. 2005. Repenser le commerce équitable en Afrique (Texte de lancement du forum électronique sur le thème « Repenser le commerce équitable en Afrique ») 29 mars 2005, 3 p. (2005-3)

Bisaillon, Véronique. 2005. Rapport de mission de la conférence bisannuelle de l'IFAT Quito (Équateur) mai 2005. (2005-4)

## **Annexe B: Will Fair Trade Change the World?**

Arturo Palma Torres

### **Concepts, practices and a process**

This paper is a summary presentation of the work carried out by the Fair Trade Workshop for the Executive Council of the *Fondation Léopold Meyer pour le Progrès de l'Homme*. Its content is, of course, my responsibility alone; I have been a member of the Workshop's coordination team for the past three years. This paper is also, however, the most succinct summary I could manage of a long process of deliberation and practice on the ground, the fruit of fifteen years spent within a network of actors, both as part of the Alliance and elsewhere. This paper examines my vision of the changing views and make-up of the Fair Trade (FT) movement, and an evaluation of their impact on other major actors in our societies.

### **Restatement of the objectives and strategies proposed by the Workshop**

In order to evaluate such a project it is important to be reminded of the objectives and strategies initially proposed. The overall objective is the development of FT at all levels, as it is considered to be both an innovative practice for commercial exchanges and a conceptual tool capable of participating in the definition of a solidarity-based globalisation.

Concerning strategies to develop, the Proposal Paper suggested<sup>st</sup>:

- fostering debate, participation and communication between actors from the FT sector (producers, consumers, importers, stores, certification bodies, public authorities, businesses, etc.);
- placing local sustainable development at the centre of FT objectives by insisting on food sovereignty, recognition of women's role, and the interactions between FT and other solidarity economy practices;
- developing information to consumers and the public recognition of Fair Trade;
- expansion of operational alliances: equitable markets, innovative certification techniques, development of fair organic supply chains, building producer capacity;
- promoting indicators for tracking and monitoring the rules of international trade with the aim of initiating debate within international institutions (WTO, UNCTAD) about the incorporation into trade rules of economic, social and environmental rights, based on FT criteria.

### **The opposing concepts**

In order to make it easier to understand the diversity of objectives and practices, I favour an analysis in both temporal and geographical terms.

FT originated during the 60s in the North (Americas and Europe) amongst supporters of third world causes.

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st Proposal Papers for the 21st Century, Fair Trade, Alliance for a Responsible, Plural and United World, November 2001.

It was viewed as a new form of solidarity with the poor from the South. The objective was to come to the aid of the most disadvantaged; the strategy was to sell to a well-disposed public; the message was of North-South solidarity; the practice was to purchase from producers in the most direct manner possible. The general public was for a long time unaware of FT.

During the 1980s, some NGOs from the North put forward the objective of providing poor producers from the South with access to international markets via a very effective mechanism: certification. The message remained one of North-South solidarity, and the priority practice was commercial, targeting chain retailers (mass consumption) and communication to the general public. Starting in the 1990s, awareness of FT grew in step with the increasing number of private operators. Public authorities too started to take notice.

During the same period many of the actor networks in the North and South started to define FT as a system of exchange that went beyond mere North-South trade to embrace an identity as a tool for social and environmental change. The objective was to incorporate respect for human rights and the ecosystem into global trade. The strategy? To build an FT movement capable of influencing decision-makers from the political and economic spheres. The message was the same as that coming from the alternative globalisation movement (“another trade, another world”). As for the practices, added to a preoccupation with developing local sales networks in the North and South was a desire to educate people about responsible consumption and a determination to lobby national and international decision-makers.

### **New actors, new challenges**

The juxtaposition of these objectives and strategies (for they can co-exist quite happily within the same circles) introduced new actors to the FT movements in the North as well as the South. The most important were multinational businesses (production and distribution), public authorities (local and national) and international institutions (WTO, UNCTAD).

New challenges arose: partnerships with businesses and local authorities; questions surrounding norms and certification (private vs. public) and the ability to ensure that standards were met; the institutionalisation of FT; the relationship between businesses’ CSR policies and their FT practices; the place of small businesses; recognition of other types of exchange (solidarity, ethical, local, organic-equitable, etc.); the regulation of public procurement contracts; the role of bilateral and regional trade agreements; the creation of fair markets in countries of the South; etc.

Existing challenges are better defined: the organisation of producer networks; democratization of decision-making within the FT system, notably concerning the place of producers and consumers; criticism of an exclusively North-South vision of FT and the search for more suitable geographical (local, national, regional FT in the South as well as the North); the need to interconnect local practice with national and global forms of public regulation<sup>13</sup>.

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13 *Stakes and Challenges for North-South Fair Trade*, A. Palma Torres; international seminar on Fair Trade, Cooperatives and Sustainable Development, UQAM; the Guy Bernier Cooperation Chair and the Chair of Economics and Humanism, Montreal 26 and 27 September 2002

## **The role of the Workshop**

Looking back at the objectives and strategies set out in 2001, we can state that, through the mechanism of the Proposal Paper (translated into four languages), the Workshop has often made proposals and has practically always supported these changes.

At both the WSF and ESF we, along with many other actors, promoted and organized seminars and workshop sessions to examine new and emerging issues: ethics and FT; educating about responsible consumption; FT and sustainable local development; FT and organic farming; solidarity-based finance and FT; cooperation; self management and FT; certification modes; organisation of producer networks; local FT in the North and South; North-South relations within the FT movement; public and private regulations; the role of local authorities and the state; FT and CSR; FT and food sovereignty; FT and distribution networks; etc.

We attended and led workshop sessions at the 2 International Conference on the Solidarity-based Economy in Quebec in 2001, and we should be attending the next edition, to be held in November 2005 in Dakar.

We attended meetings of European FT store networks (NEWS !), global networks (IFAT) and actor networks (Peru, Brazil, Mexico, Chile, India, Italy, Spain, France, etc.).

We participated at the latest WTO interministerial meetings in Cancun, and UNCTAD in Sao Paulo. We intend to put our proposals to the next WTO meeting, to be held in December 2005 in Hong Kong.

As members of the Workshop, the Workgroup and the Alliance, we have become renowned at FT meetings for our ability to bring ideas forward and to systematize approaches. We are currently preparing a book for publication in which we chart the evolution of FT in recent years (following the Proposal Paper) and put forwards a range of proposals targeting different actors.

Clearly, our largest effort has concentrated on direct actor networks (producers, store networks, consumers) and on cross-cutting work with other networks (organic farming, platforms on agriculture, women's movement, solidarity-based finance, CSR).

We have thus contributed significantly to these actor's deliberative processes, helping them to see beyond their purely operational preoccupations and to seek and set in motion interconnections between their local actions and their contributions to the debate at the national and international levels.

Today, FT is not simply acknowledged as a model and experimental practice, it is also used as a template for other initiatives, for example Fair Tourism, Fair Information and Fair Public Procurement.

Major international campaigns have drawn inspiration from the FT example (Clean Clothes Campaign, Euronban), resulting in businesses altering their relationships with sub-contractors and producers.

Furthermore, a majority of public opinion in the North is in favour of trade of this type, and many multinational businesses and national and local governments claim to adhere to FT precepts. The concept's impact and adoption by opinion leaders and decision-makers has become undeniable, even if doubt persists about the strategies adopted by some.

## Provisional conclusions

In answer to the Alliance's preoccupations, indeed the FPH's too, my view is that FT has today become a reality freighted with uncertainties, inadequacies — and hopes.

Uncertainties because it is all too easy for the market economy to hijack FT as a commercial niche, formulating appeals to consumers' sense of solidarity and reducing the FT model to a mere marketing tool.

Inadequacies because thanks to its origins as a North-South 'solidarity' trade, FT remains predicated on a number of simplifications that prevent actors from positioning their actions in a more legible fashion. A few examples: the persistent image of rich consumers in the North and poor producers in the South condemns the former to purchasing fair goods and signing petitions and the latter to producing goods for export; the false hopes of export outlets held out to producers, representing a true economic, social, ecological and political dead-end (as in the case of coffee, FT's star product!); regarding certification "the strictness required by the North is denounced by actors from the South to the extent that it irrevocably excludes from the fair trade supply chain all the small producers who are unable to meet the demands"<sup>nd</sup>; the inability to establish more evenly balanced partnerships with businesses and public authorities.

Hopes because in one of its guises FT attempts to break the cultural, ideological even, dependency on the market economy. For example, in an FT model, prices are no longer fixed as the result of a "blind balance" between supply and demand within a market supposed to regulate these factors. An FT price is a political decision, arrived at by responsible actors working in cooperation, designed to allow the producer to live decently from her or his labour. In the same way, consumers are informed of the various costs inherent in the FT supply chain and are thus able to purchase in a responsible, informed way. Intervention by public authorities, in their role a guardians of the respect of rights and the safety of the ecosystem, is required for such a system to achieve general currency.

The Workshop's efforts during 2005 should focus on attempting to fuel hopes, dispel uncertainties and overcome inadequacies by holding a symposium in Africa, supporting interactions between networks in Latin America, working with SMEs in Asia, participating at various meetings, preparing a collective work for publication and continuing to feed into our electronic discussion lists.

At a later date, and depending on the resources at our disposal, we should begin to focus on reaching out to universities and the financial press.

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<sup>nd</sup> *Deux commerces équitables ? La voix du Sud au FSM 2005* (Two Fair Trades? The South's Voice at WSF 2005); Corinne Gendron, Bulletin Oeconomia Humana, UQAM, March 2005.