



Contributing Writer

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# FWP's Statement on Fair Trade USA's Resignation from Fairtrade International (FLO)

Fair trade is a social movement and market model that aims to empower small-scale farmers and their communities in underdeveloped countries to create an alternative trading system that supports equitable trading, sustainable development and long-term trading relationships. Fair trade supports fair prices and wages for producers, safe working conditions, investment in community development projects, and the elimination of child labor, workplace discrimination and exploitation.

Certified fair trade products now represent a multi-billion dollar industry with over 10,000 products in the marketplace. Consumer demand for fair trade products has steadily risen over the course of the last decade thanks to the tireless work of dedicated advocates, fully committed companies, and students.

On September 15th, Fairtrade International (FLO) and Fair Trade USA (FTUSA) jointly announced that FTUSA was resigning its membership in FLO, effective December 31, 2011. FTUSA's resignation from the FLO system is partially due to its new initiative, "Fair Trade For All," which it claims will "double the impact" of fair trade by 2015.



FTUSA will also be phasing out its longtime black and white "bucket boy" seal, replacing it with a new seal, allowing FTUSA to compete with FLO globally.

In an open letter, Rob Cameron, former CEO of Fairtrade International, wrote: "I, the staff at Fairtrade International, and the entire global Fairtrade network sincerely regret FTUSA's decision to pursue its own approach, rather than continue working within the global system. It is a decision they have taken themselves, and we have to respect their choice."

Fair Trade USA's move raises many questions for fair trade producers in the Global South. Many producers rely heavily on the US market for sales and distribution. FTUSA's exit from the FLO system has caused confusion in the near-term as FTUSA's has not finalized its own standards or details regarding its new labeling scheme, but initial versions markedly weaken key fair trade provisions and criteria. In the long run, if final rules remain low-bar, FTUSA may well undermine consumer trust in the fair trade market and the overall positive impact for producers.

## The Problems with Plantations

At its core, "Fair Trade For All" is FTUSA's unilateral decision to initiate certification of Fair Trade coffee on plantation operations. FTUSA intends to open cocoa to plantation certification as well. Fair trade was established on the values of supporting small-scale, disenfranchised farming communities, most often organized in democratic cooperatives. Despite claims to the contrary, hundreds of thousands of small coffee and cocoa producers organized in cooperatives and certified fair trade still lack access to fair trade markets. To continue to make progress and expand the benefits of fair trade, these producers must be given priority and support when considering further expansion of the fair trade system. Without strict standards and implementation, the expansion of fair trade to include plantations in coffee and other sectors will most certainly erode standards and dilute fair trade's impact.

While it is true that farmer and worker advocates are deeply concerned with the plight of farmworkers and other hired laborers in the Global South, it is not conclusive that the current fair trade system is the best antidote for their situation. Fair trade's record as it relates to hired labor or plantation operations, like tea and bananas has been anything but successful. In fact, the literature suggests that

the global coffee supply. Despite the current high prices in the coffee market, fair trade coops are still unable to sell the majority of their coffee under fair trade terms. Expanding fair trade certification and market access to large-scale plantations will assure that fair trade cooperatives continue to remain vulnerable to volatile international markets and undermine 25 years of fair trade development.

FTUSA's decision has drawn the widespread condemnation of fair trade producer networks, including the Network of Asian Producers (NAP), Latin American and Caribbean Network of Small Fair Trade Producers (CLAC) and Fairtrade Africa. It is inconceivable that an organization whose organizational values include striving "to always act ethically and value relationships built on honesty, mutual respect and trust" would advance a program without the knowledge or consent of the very producers it aims to support.

## Fairwashing Multi-Ingredient Products

Based upon initial drafts of FTUSA's multiple ingredient product policies, on October 19th FWP declared that it would not recognize FTUSA as a reputable certifier as of January 1st 2012 unless key provisions in the policy were corrected. In particular, FWP objected to the lowering of the fair trade content threshold to 25% for a product to bear FTUSA's "whole product" seal and 10% for its "ingredients" seal, and the allowance for multiple ingredient products to receive the FTUSA seals by sourcing the minimum 10% or 25% fair trade (FT) content, even if FT forms of remaining ingredients in a product were commercially available. Over 2,000 FT advocates sent letters to FTUSA objecting to this draft policy.

FTUSA released its revised draft Multiple Ingredients Product Policy on January 18, 2012. FWP is pleased to see that FTUSA has incorporated feedback from various stakeholder groups on impor-



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fair trade's benefits miss the mark on plantations, undermining the presence of farmworker unions and ceding decision-making power to plantation owners and managers when allocating the fair trade premium.

Small producers and democratic cooperatives are core to the founding principles of the fair trade movement and market. By definition, small producers are vulnerable, excluded and under resourced in the global market. In the coffee sector, small farmers produce approximately 70% of

tant issues, especially with respect to raising the whole product seal threshold to "100%" (actually 95% with allowance for non FT minor ingredients similar to the organic program) and ingredients seal to 20%, and reinstating the commercial availability requirement to source FT forms of ingredients in products even if the minimum 20% FT content threshold is reached. The commercial availability requirement in particular is a crucial market driver to expand markets for fair trade producers. However, there are a number of critical areas for improvement, including clarifying

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front package labeling for composite products, tightening compliance timelines for traders from two to one year and creating mechanisms to

rized the misleading and deceptive labeling and advertising of Avon's "Mark" brand products as "Fair Trade Certified" when, in fact, the products

market is overrun with hundreds of social, ethical, green, and sustainable claims, labels and certifiers, many with questionable ethics and standards. For consumers to maintain confidence in FTUSA and its certification program, FTUSA must actively and in good faith be accountable to producers and civil society at large.



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publish to ensure transparency. Pending the final outcome of Fair Trade USA's draft policy for multiple ingredient products, Fair World Project will reconsider recognizing FTUSA as a valid fair trade certifier.

### FLO/FTUSA in Context

FTUSA's move away from FLO comes on the heels of the organization's controversial name change. In fall of 2010, FTUSA changed their name from TransFair USA to Fair Trade USA, eliciting a significant uproar from within the fair trade community, with over 10,000 concerned consumers, advocates, and organizations sending letters to FTUSA expressing their concern about what many saw as an effort to monopolize the fair trade market and movement in the United States.

In January 2011, the Organic Consumers Association (OCA) filed a complaint to the Federal Trade Commission (FTC), charging that FTUSA autho-

so labeled contain a minimal amount of fair trade certified ingredients. Over 8,000 people have signed letters in support of OCA's complaint. OCA is awaiting the pending decision from the FTC. FTUSA has repeatedly failed to apply a key FLO rule, commercial availability standard 2.2., which states that "Food composite ingredients must contain as many [FLO Fair Trade] certified ingredients as available." Dozens of products in the US marketplace have failed to source fair trade ingredients, yet continue to display the FTUSA fair trade seal. This dilution of the standards undermines consumer confidence in fair trade and denies producers the full benefit of a fair trade market.

### The future of fair trade in the United States and beyond

Fair trade is at a critical crossroads. Despite the incredible potential in the United States to support ethical and fair companies and initiatives, the

FWP calls upon Fair Trade USA to do the following:

1. Suspend plans for certifying plantations in coffee and cocoa.
2. Engage civil society in good faith in the development of its new standards and establish clear mechanisms for accountable stakeholder review.
3. Open its Board of Directors to participation from members of producer networks.
4. Commit to full transparency and traceability.
5. Create an ethical labeling scheme that does not allow a fair trade seal to appear on the front of packaging unless a majority of the product is fair trade; and clearly identifies fair trade ingredients on the front of packaging and whether the product contains coffee or cocoa from plantations.
6. Actively cooperate with FLO, IMO and other reputable certifiers to establish a "high bar" standard for fair trade certification, with mutual recognition for purposes of sourcing ingredients under the commercial availability requirement.

## North America Fair Trade Stakeholder Council Forms to Clarify Direction of Fair Trade

With Fair Trade experiencing monumental change in the past few months, some committed stakeholders in North America started a dialogue initiative in December 2011 to clarify the direction for the Fair Trade movement in North America with the goal of upholding its benefits for marginalized producers around the world. The initiative, called the North America Fair Trade Stakeholder Council, will begin with around 40-50 nonprofits, advocacy organizations, committed companies, producer/farmer/worker groups, academics and others, who will hold conference calls and email discussions over several months before attending an in-person summit April 30 – May 2, 2012.

The Council seeks to advance these four goals:

- ◆ Define fair trade and the movement, what they are and what they are not

- ◆ Organize the North American fair trade movement under a coordinated infrastructure with a common vision

- ◆ Reach agreement on a plan for cooperation and accountability within the movement

- ◆ Develop a clear external message for the movement

As the Council gets more organized and more momentum, it intends to periodically share its major ideas & highlights with the public, and to occasionally invite public comment. In balancing efficiency with inclusiveness and transparency, the Council intends to maintain open, clear and transparent communication channels with stakeholders in other organizations, as well as other producer and consumer regions, to collaborate as much as possible.

## Organizations participating in the Council:

Alta Gracia Apparel  
Alter Eco  
Bon Appétit Management Company  
Ben & Jerry's  
Canaan Fair Trade  
Canadian Fair Trade Network  
CATA – the Farmworker Support Committee  
Catholic Relief Services  
CLAC  
Community to Community Development  
Cooperative Coffees  
Dean's Beans  
Discovery Organics  
Divine Chocolate  
Domestic Fair Trade Association  
Dr. Bronner's Magic Soaps  
Equal Exchange  
Fair Trade Burlington  
Fair Trade Federation  
Fair Trade Los Angeles  
Fair Trade San Diego  
Fair Trade Resource Network

Fair World Project  
Farmer Direct Co-operative  
Food Chain Workers Alliance  
FUNDEPPO  
Global Exchange  
Green America  
Handmade Expression  
JUSTA Fair Trade  
Just Coffee  
Just Works  
Kusikuy Clothing Company  
Made by Hand International  
Co-op  
Maggie's Organics  
Northeast Organic Farming Association  
Olympia Co-op  
Once Again Nut Butter  
Organic Valley  
Peace Coffee  
Presbyterian Church USA  
Rural Advancement Foundation International  
Thanksgiving Coffee  
Theo Chocolate  
United Students for Fair Trade  
Vermont Coffee Company  
World Fair Trade Organization  
Zhen's Tea