



Contributing Writer

Introduced and Interviewed by Dana Geffner

Challenges of Certification for Fair Trade Crafts: Part 2

In our last issue, For A Better World featured an article entitled Challenges of Certification for Fair Trade Crafts - Part 1, written by Tony Hall. Today we continue our exploration of why the different craft stakeholders—including producers and artisan groups, wholesalers in the US, and small and large retailers—would or would not want to participate in the certification of fair trade crafts.

We interviewed Rudi Dalvai, president of the World Fair Trade Organization (WFTO), to learn about fair trade craft certification from the perspective of WFTO member producers/artisans and businesses. The WFTO is a global representative body of over 450 members committed to 100% Fair Trade, operating in 75 countries across Africa, Asia, Europe, Latin & North America and the Pacific Rim. With elected global and regional boards, WFTO creates market access through policy, advocacy, campaigning, marketing and monitoring.

We also asked three U.S. fair trade craft businesses of different size to share their perspectives of fair trade craft certification: SERV, with \$8.5million in 2011 sales, Global Crafts with \$1.87million in 2011 sales and World Shoppe with under \$250,000 sales in 2011.

Interview with Rudi Dalvai, President of the WFTO



Dana Geffner: What do you mean when you say crafts?

Rudi Dalvai: First craft has to do with tradition; tradition of technique and tradition of culture. There are also crafts being developed that are transforming local material into items used daily in the fields, like baskets. Crafts are made by hand and are part of the traditional life of people. Crafts were developed thousands of years ago before there were machines. I do not define machine made products as a craft.

Dana Geffner: Do all your members want fair trade craft certification? Who does and who does not?

Rudi Dalvai: No, not at all, there is a clear difference between the desire for a fair trade craft certification from our producer members in the south and traders in the north.

Producer members in the south are very keen to

have a certification. Many of them think that, with the label or a certification mark, markets will open up for them. There are people telling them that if their products had a label they would sell like hot cakes. They are not telling them that other qualities as well are necessary to have success in the marketplace, such as a product needs to be of high quality, delivered on time and priced right so that people will buy it. Therefore, our members in the south have false expectations that a certification label will automatically provide them with access to more markets. I am not saying that the label will not help to sell the product but it cannot be compared with certification labels on food products such as cocoa and coffee. There is a huge difference between the market for commodities such as coffee, and niche markets such as baskets and jewelry.

In the North several members don't see that a label will help increase sales because most products are selling to fair trade shops and not in the mainstream. A lot of people have tried to go into the mainstream with handicrafts but very few have succeeded. Several northern companies are in favor of the label because they understand producers want it. They mainly support it for this reason. Some of them feel the label could help; for example I had a conversation with the owner of People Tree, a UK Fair Trade clothing company. She talked about needing the FLO label for her products if she wanted to sell her clothing as fair trade and get them to the mainstream market. It depends a lot on the country, in the UK it is required on textiles, but for musical instruments - even in the UK - it does not matter much.

Dana Geffner: In your view point, what are the benefits and downfalls of implementing a certification?

Rudi Dalvai: In commodities, not handicrafts, producers have seen volumes increase substantially through FLO certification. They benefit from increased market access and in some ways they are a little more protected. In the early years, Fair Trade Organizations (FTOs) worked in partnership with producer organizations. Today the big players are coming into the fair trade market with no clear regulations to monitor and inspect them and mostly their main objective is to make profit.

Generally profit is what you make when you buy cheap, sell high and keep wages low. Selling high is not easy and so you have to buy cheap and pay low wages. For example: a big cocoa buyer in Europe was buying about 50 containers of conventional cocoa from one producer organiza-

tion in Latin America. The buyer wanted access to the fair trade market in Europe and started to buy 10 containers under fair trade conditions from the same producer organization. He had to pay the fair trade price to be certified by FLO. He then went to the producer and asked for a discounted rate on the 50 containers since he paid such a high price for the 10 fair trade containers. I can tell you a lot of similar stories. On one hand certification has contributed to increased sales for fair trade producers and on the other hand it has reduced the advantage that fair trade brings to them. FTOs are idealists; they still make mistakes and are not always efficient, but normally they don't deliberately try to exploit people in the name of fair trade.

Another negative point is that fair trade certification gets extremely complicated for small producers and some times it is not easy to fulfill fair trade criteria. When you have certification in accordance with ISO standards, it can be too strict because the world is a little bit more complicated than a set of standards and criteria. When you certify based on ISO standards with closed eyes you sometimes expect something from producers that is unrealistic. This can make life much more difficult especially for small producers. Another negative is that certification is too expensive and bureaucratic for small producer organizations, but not for big plantations.

Traders in the mainstream market can gain access to new markets if they start selling fair trade certified products. Fair trade certification also protects FTOs from unfair competition. Costs are higher for traders that are fulfilling all the fair trade standards. Therefore, if someone claims to be trading using fair trade criteria but is not, their costs are lower because they are not paying for such things as fair wages, training and supporting community development. Therefore certification reduces unfair competition and puts all people that are certified on the same level.

Similar to the negative mentioned to producers, certification is also a burden for the traders for the same reasons, it takes a lot of money and also a lot of extra work.

For the consumer it is a bigger guarantee. Before FTOs were very small and comprised of very committed people. People knew each other in the movement and the guarantee was based on trust. People don't trust any longer because there are big players on the field. The consumers are far away from the traders and even farther from the producers. It is not a coincidence that the consumer organizations are asking for a label for a certification to give a guarantee for the consumers.

By Bob Chase, CEO of SERV



In the early days of the movement, fair trade was a niche market at best with few importers and distributors. The entire supply chain shared a common commitment to reducing poverty

through trade, guided by fair trade values. Almost all of the participants in this process were non-profit organizations with clear developmental agendas. Artisans and customers knew and trusted these organizations and their leaders, whom they often knew personally. Most of the customers were far more interested in supporting social change and economic justice than in the actual products they were purchasing.

The organizations which made up the fair trade community during its early years were part of a close knit community, one which met informally often, shared information openly and which held each other accountable to their shared values.

But Alternative Trade has become Fair Trade and the movement has grown, attracting the attention of a growing number of producers, importers, distributors and retailers. As a result established organizations with long resumes and strong credentials find it increasingly difficult to differentiate themselves from organizations which may be making unsubstantiated claims regarding their adherences to fair trade principles.

Discerning consumers can certainly verify the credentials of the organizations from which they purchase through their membership in the Fair Trade Federation and the World Fair Trade Organization and they should expect these organizations to provide them with detailed information about how they adhere to all 10 fair trade principles.

But the reality is that as interest in fair trade grows, consumers will require and deserve third party verification of fair trade claims. Some continue to say that it is not possible to establish measurable standards for handmade products. Others feel that requiring home based artisans to be paid a fair hourly wage will price their products out of the market. And some feel that the systems necessary to assure compliance to a certification system will leave poor producers and small importers at a disadvantage in competing with much larger organizations.

These are the same arguments which have been made consistently to oppose minimum wage laws and fair labor standards in our own country. Developing meaningful certification systems will require ingenuity and creativity and there will be costs involved in adopting and adhering to a certification system. But these costs should be seen as an investment in insuring the integrity and sustainability of the fair trade marketplace.

Handmade products gave birth to the Fair Trade movement and have changed the lives of millions of poor artisans in dozens of developing countries. The market has changed offering new opportunities to tens of thousands of artisans. Certification is a small price to pay to assure that these artisans, and not the intermediar-

ies, truly reap the benefits from the purchases of consumers desiring to support economic justice with their purchasing dollars.

By Kevin Ward CEO and owner of Global Crafts



Certification is often held up as the panacea of fair trade. Following the success that labeling of agricultural products, such as coffee, has undoubtedly had on the sale of fair trade products, handicraft producers are eager to see similar results. Handicrafts are fundamentally different and even if we were to take the success of fair trade labeling at face value, it

would not transfer to the handicraft sector. Furthermore, the success of fair trade labeling in commodities has also caused some significant and largely unavoidable problems that we in the handicraft sector may be best avoiding.

For now, let's assume that the certification and labeling of commodities has been a success that we should seek to emulate. The question shifts to one of results; would a craft certification and label have the same positive effect in the marketplace? I am a coffee drinker and a passionate believer in fair trade. The act of buying groceries and making the decision to buy fair trade over other coffees is fairly straight forward. I am not a coffee aficionado; I am a coffee drinker who buys fair trade coffee.

Will consumers buy one bracelet over another because of a label as I do with coffee? No, the label is just one small part of a much larger decision making process based around, quality, aesthetics and an array of other factors.

Even if you disagree and believe consumers will choose to buy that bracelet because of a label, is the price we will pay for a reliable certification system worth it? The craft sector is lucky enough to see from our commodity-based friends the negative impacts of fair trade certification and labeling.

For a label to have meaning it must be trusted and backed up by a strong certification system. The cost of these systems is high.

Others will argue that it can be done at a lower cost, but frankly, you get what you pay for. If we want a system that is credible it will be expensive.

The cost of coffee certification excludes small scale farmers from the system, leaving them to try to sell their fair trade coffee without the label next to the big brands that have the label. New businesses find

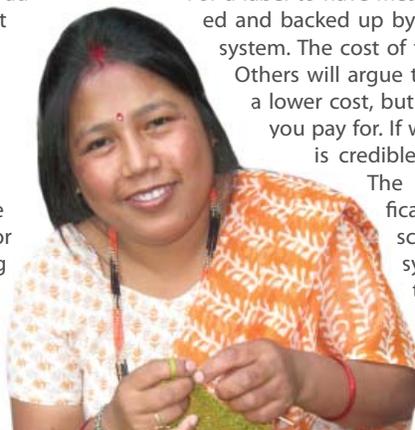


Photo Credit: SEERV

entry much more complex and expensive, with the added burden of attaining certification. Fair Trade has long been criticized by those on the outside of membership organizations as an exclusive club. Certification will only make this worse.

Finally, it is relatively easy to cost commodity production. Craft production is a very different story. A model that establishes fair pricing for jewelry making in India has no relevance to basket making in Uganda. Craft production is simply much more diverse and in many ways complex than commodities.

By Megy Karydes, Owner of World Shoppe



Ideally, one certifying body would oversee a craft business from beginning to end and provide (or not) its stamp of approval. Similar to what occurs in the organic movement. The appeal of such certification is tantalizing.

In our case, craft certification would benefit us because it would allow us to legitimately put our stake in the ground and say, yes, our products are fairly traded. We work directly with our artisans, ensure they are paid a fair wage, work with them on a long-term basis and treat them as partners. Right now, our best option is membership in the Fair Trade Federation.

When we began wholesaling our jewelry from South Africa and Kenya, well-meaning retailers asked us if we were certified, incorrectly assuming that all fair trade products could be certified. I would explain, best as I could, that while we are an active member of the Fair Trade Federation, we were not "certified" as such because we are not a commodity-based business. One retailer showed me TransFair's logo on a bar of soap. Try having that conversation with a retailer who isn't involved in fair trade daily, how that's not the same thing. She doesn't care. She wants to see that logo so she can show her customers.

But what is happening in the fair trade movement nationally and internationally with regards to certification frightens me. Organizations are splitting off and creating their own certification criteria. National and international media is paying even more attention and providing more airtime and ink space on the topic of fair trade certification and what it really means. Consumers are becoming even more confused.

Craft certification from a legitimate organization which has the artisans' best interests in mind would be ideal. It would be powerful for them to be recognized for more than just making stuff. Fair trade is so much more than that.