



# Co-operatives: The Heart and Soul of the Fair Trade Movement

## CO-OP PRINCIPLES

The International Co-operative Alliance has established seven Principles that define co-ops as part of their Statement on the Co-operative Identity.

### 1<sup>ST</sup> PRINCIPLE VOLUNTARY AND OPEN MEMBERSHIP

Cooperatives are voluntary organizations, open to all persons.

### 2<sup>ND</sup> PRINCIPLE DEMOCRATIC MEMBER CONTROL

Cooperatives are democratic organizations controlled by their members.

### 3<sup>RD</sup> PRINCIPLE MEMBER ECONOMIC PARTICIPATION

Members contribute equitably to, and democratically control, the capital of their cooperative.

### 4<sup>TH</sup> PRINCIPLE AUTONOMY AND INDEPENDENCE

Cooperatives are autonomous, self-help organizations controlled by their members.

### 5<sup>TH</sup> PRINCIPLE EDUCATION, TRAINING AND INFORMATION

Cooperatives provide education and training for their members, elected representatives, managers, and employees.

### 6<sup>TH</sup> PRINCIPLE COOPERATION AMONG COOPERATIVES

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

### 7<sup>TH</sup> PRINCIPLE CONCERN FOR COMMUNITY

Cooperatives work for the sustainable development of their communities

The United Nations has declared 2012 the International Year of the Co-operative “highlighting the contribution of cooperatives to socio-economic development, particularly their impact on poverty reduction, employment generation and social integration.” (www.un.org) At a time when national economies are failing, corporate influence is becoming more concentrated, and workers are losing economic and political power, what better moment to uphold the co-operative values of self-help, democracy, equality, equity and solidarity?

The contribution of co-operatives couldn't be more evident – and their involvement more critical – than the role they've played in Fair Trade. Small farmer co-operatives in the Global South, and worker-owned and consumer co-operatives in the North, have been three invaluable links in a co-operative supply chain that has helped shape and build an empowering and activist model of trade that supports small farmers, democratic organizations, and engaged consumers.

The earliest roots of Fair Trade began after World War II to provide markets for handicrafts produced by eastern European refugees, as a poverty alleviation project. During the mid-70s, however, a new wave of businesses in Europe, called Alternative Trade Organizations (ATOs), sprang up with a markedly distinct philosophy. The ATOs believed that market access for small-scale producers was not something to be provided out of charity, but as a right. The philosophy, “Trade not Aid” was coined, along with the principles establishing long term, direct, and equitable trading partnerships.

The ATOs realized that the partnerships they were looking for could be found in the fledgling small farmer co-operative movement. Small-scale farmers, historically marginalized and without access to social services, infrastructure, credit, markets, or technical assistance, were organizing themselves as a means of survival, particularly in Central and South America. The co-ops were often members of larger social movements that were taking hold throughout the Global South as farmers, workers, students, women, indigenous and others struggled for economic and social rights. These basic rights, along with widespread need for agrarian reform, and environmental

stewardship, were all important pieces woven into this new blend of Fair Trade activism.

Since then, co-operatives have been the heart and soul of the Fair Trade movement. Not just “suppliers” or “buyers”, Fair Trade co-operatives are true, equal partners operating within a global family of traders and activists working to change food, agriculture and trade systems. They incorporate the co-operative principles in their business models: democratic member control; member economic participation; concern for community; and education, training, and information.

Farmer co-operatives do much more than sell products. They educate and train their members in production, quality, environmental management, democratic organization, and other areas. They support their communities, and achieve far reaching economic and political empowerment.

During Hurricane Stan in 2005, the farmer co-operative Cesmach in Chiapas, Mexico organized community self-help groups to provide emergency assistance to affected communities; Tierra Nueva in Boaco, Nicaragua organized reforestation projects; and Asprocafe Ingruma in Colombia developed food sovereignty and youth employment training projects. Wupperthal Rooibos Association in South Africa is working on climate change adaptation projects and Manos Campesinas in Guatemala supports gender training and financial literacy workshops. In northern Peru, Cephacafe and other coffee co-operatives organized anti-mining activities and successfully launched a political candidate to Congress who has since gone on to become the current Peruvian Vice President. Because farmer co-operatives are owned by the members themselves, members have more decision-making authority, are more emotionally and financially invested in their businesses, and have more pride and ownership in the results of their work.

Worker cooperatives in the North have also been instrumental in building Fair Trade. Equal Exchange, the largest Fair Trade co-operative in the United States, brought Fair Trade food and coffee to this country. Today many individually owned roasters and multi-national corporations are involved in Fair Trade, but it has been the co-operatives in North America and Europe that threw





Photo Credit: Lynsey Miller, Uganda Gumutindo, 2011

themselves into this work. The system would not exist without their wholehearted dedication to the model, to buying and selling 100% of their products at Fair Trade terms, and assuming huge risks to build a market where none existed.

Equal Exchange's three founders decided not to create a non-profit or a traditional business, but instead to put their belief in worker democracy into practice by creating a co-operative where the workers owned equal shares of the business, vote for the Board of Directors, and have other decision-making rights. They wanted to change the way business is conducted by demonstrating that a business could be profitable and still have a social mission. If farmer co-operatives were to be audited for democratic structures, financial solvency, and transparent accounting and business practices, they believed that Equal Exchange should be as well.

Food co-ops are the third link in the Fair Trade supply chain. As early supporters of Fair Trade, they understood the importance of this new model before the concept became a household word. Food co-ops were the perfect partners in the North. They had championed the ideals of "food for people, not for profit" and were leaders in the natural foods, food justice, and buy local movements. It made perfect sense to support small farmer co-op supply chains by promoting Fair Trade products, especially those manufactured by worker co-ops. This was, after all, the sixth co-operative principle: cooperation among co-ops.

Fair Trade food and beverages have now been around for 25 years in the United States and the movement has had great success. Small farmer organizations are considerably stronger than they have ever been. Small farmers have a seat at the table that would have been unthinkable before Fair Trade was created. Consumers are far more educated about the food system and willing to take actions to support positive change.

But, there is still a long way to go.

Today, the biggest threat facing Fair Trade farmer co-ops comes from the Fair Trade certifier itself. In the same year the United Nations chose to uphold co-ops as a community economic development and worker empowerment model, the biggest U.S. certifier, Fair Trade USA (formerly TransFair USA) has launched an initiative, Fair Trade for All, which allows for certification of coffee and cacao plantations and individual farmers that are not organized in co-operatives. Vehemently opposed by small farmer organizations and others in the Fair Trade movement, this initiative threatens the very existence of small farmer co-operatives. The reason that the Fair Trade system was created – to support market access for small farmer organizations that could not compete with large-scale plantations – is now being replicated within the actual Fair Trade movement.



Is there hope? Through all the challenges, small farmers and co-ops have played a protagonist role, meeting each test head-on. The organizations of Fair Trade Small Farmer Co-ops in Latin America and the Caribbean, Africa and Asia have created their own networks to advocate for fair policies and standards, and to have a greater voice in shaping the Fair Trade movement. After years of work, last year the producer networks finally achieved 50% representation on the General Assembly of Fairtrade International (FTI), formerly FLO, and 40% of its Board.

Last year, the Latin America and the Caribbean network (CLAC) launched the first Fair Trade certification system created by small farmers; the Small Producer Symbol (SPP) is a way to differenti-

ate their products from those within the Fair trade system that come from plantations. The CLAC has been actively promoting the SPP and opposing Fair Trade USA's Fair Trade for All. Not surprisingly, it is the worker co-ops in the U.S., Canada, and Europe that are leading the way to use the SPP seal on their products and begin promoting small farmer Fair Trade products in the marketplace.



The co-ops in the North are also doing their part to "refund Fair Trade", as Santiago Paz, General Manager of Cepicafe Coffee Co-op in Peru, urged. Two years ago, Equal Exchange and six consumer co-ops in the U.S. launched a pilot project, Principle Six, in the United States to highlight the co-ops' highest value products: those grown or produced locally or internationally by small farmers and co-operatives. Food co-ops, always in the forefront of the food justice movements, have too-often seen their values compromised and "taken" by large corporations with extensive marketing dollars. Principle Six allows co-ops to reclaim co-operative values and take their place again at the forefront of a new era.

Finally, in response to Fair Trade USA's Fair for All initiative, Equal Exchange has launched the Authentic Fair Trade Cam-

paign in support of small farmer co-ops, stating that plantations do not belong in Fair Trade coffee. The statement has been signed by roughly 8,000 individuals and close to 100 co-ops. Food co-ops have enthusiastically added their names to the statement, begun educating their staff and members, and are doing what they can to keep small farmer Fair Trade products at the forefront of their shoppers' attention.

In this Year of the Co-op, will the Fair Trade movement stay true to its original values and keep co-ops at the forefront of its mission? It will require all of us to take a stand, not just with small farmers – but with organized small farmers, workers, and consumer movements as well. Go Co-op!

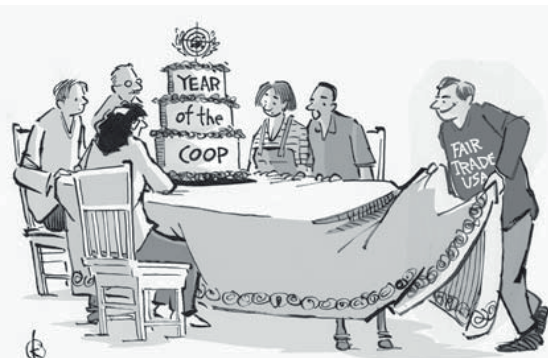


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