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Fair Trade for a Better World

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Fair World Project: Fair Trade USA Undermines Fair Trade Principles and Producers to Accommodate Products Such as Hershey's "Greenwashed" Chocolate

Fair World Project Believes that Diluted Labeling Policy Hurts Farmers, Misleads Consumers, and Creates Market Disadvantage for Truly Committed Fair Trade Brands

PORTLAND, OR – Fair World Project (FWP), a project of the Organic Consumers Association, the nation's largest network of green and ethical consumers, opposes Fair Trade USA's recent changes to its labeling policy, which undermine fair trade farmers, consumers and committed fair trade brands.

The policy change closely follows an announcement that Hershey would tap Fair Trade USA (FTUSA) as one of three certifiers to help implement the chocolate empire's new "sustainability" plan. Though FTUSA's policy change is labeled "draft" through the end of the month, it is clear they will need to make these changes if they plan to work with large multinational corporations interested in limited fair trade engagement, such as Hershey.

FTUSA will permit the use of their fair trade seal on products such as chocolate that identify the specific fair trade ingredient in small text under the seal, without requiring that any other ingredients be used in fair trade form, such as sugar which is often the major ingredient in chocolate bars, bottled teas and ice cream. FTUSA will not require a minority percentage disclosure that could inform consumers and remedy the deception that the seal otherwise conveys that the product is majority fair trade.

The proposed labeling policy falls below the standards upheld by the larger fair trade movement, and are detrimental to the very concept of fair trade. Fair Trade USA is electing to maintain its subpar threshold of just 20% fair trade contents to use a front panel label on a product with no requirement to list the percentage of fair trade ingredients. Other fair trade certifiers such as IMO's Fair for Life have a threshold of at least 50% or a requirement to list the percentage of fair trade ingredients. Fair Trade USA will not require brands to list the actual percentage of content that is fair trade. They are also eliminating their previous policy on commercial availability which required brands to use all fair trade ingredients that are available from a fair trade certified source. In addition, Fair Trade USA will exclude dairy from its calculations, instead of just water which is more typical.

Together these policies mean that a milk chocolate bar that contains more of both sugar and milk than chocolate, with chocolate as little as a third of total dry weight, could still have a fair trade label on the front of the bar. Hershey has made no commitment for other ingredients in the supply chain, even though sugar is the main ingredient in many of their products, such as Hershey's Kisses. Therefore a milk chocolate bar with as little as 30% fair trade content, and which contains more sugar than cocoa, will compete in the market with chocolate bars that are mostly or entirely fair trade—including important fair trade ingredients like fair trade sugar. Because Hershey spends less on cheap sugar produced

under exploitive labor conditions, the Hershey's 30% fair trade chocolate bar will be less expensive than a chocolate bar made with fair trade vanilla, sugar, and other fair trade ingredients in addition to fair trade cocoa. This fair trade hoax takes advantage of consumers' intentions to buy fair trade products, creates unfair competition for the fully committed fair trade brands who use a maximum of fair trade ingredients in order to have a fair trade seal, and most importantly harms the farmers and farmer co-ops that supply truly fair trade brands with fair trade ingredients.

A certification program's labeling policy impacts consumer understanding, the ability of fully committed fair trade brands with higher fair trade ingredient costs to compete in the marketplace, and opportunities for farmers to benefit from fair trade markets—both farmers already working with committed fair trade brands and farmers who would wish to contribute fair trade ingredients such as sugar to chocolate bars. Calling a product 'fair trade' when the main ingredient is not fair trade is misleading to consumers, greenwashes the fair trade market, and ostracizes fair trade farmers, in this case fair trade sugar farmers, who supply fair trade ingredients to committed brands that can no longer compete in the market.

To address these issues, Fair Trade USA is ethically obligated to adjust all aspects of these diluted, special-interest policies. Increasing the threshold to 50% for a front-panel seal or requiring brands to prominently display the minor percentage of a product that is fair trade if they use a seal, would not mislead consumers and eliminate unfair competition. Either of these changes would also create opportunities for farmers, as brands seek out more fair trade ingredients to provide a competitive advantage by increasing overall fair trade content that fair trade consumers are looking for. Also requiring all ingredients that can be fair trade to be fair trade is crucial to provide fair trade markets for farmers.

Disclosure of the percentage should apply also to those products where the threshold for a fair trade seal is not met, so that when a product mentions a fair trade ingredient, it is clear what percentage of the total that ingredient is in the final product.

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Fair World Project is a non-profit organization whose mission is to promote organic and fair trade practices and transparent third-party certification of producers, manufacturers and products, domestically and abroad. Through consumer education and advocacy, FWP supports dedicated fair trade producers and brands, and insists on integrity in use of the term "fair trade" in certification, labeling and marketing. FWP publishes a bi-annual publication entitled *For a Better World*. For more information, visit: <http://www.fairworldproject.org>.