

Fair Trade and the Solidarity Economy:
the Challenges Ahead
Summary of the Fair Trade Workshop's Activities

Les cahiers de la Chaire – collection recherche

No 05-2006

Carried out by Véronique Bisailon,
Corinne Gendron et Marie-France Turcotte

Fair Trade Workshop, Alliance21 Workgroup on
Solidarity Socio-Economy (WSSE),
in collaboration with the
Chair of Social Responsibility and Sustainable
Development, ESG, UQAM (CRSDD)

**Fair Trade and the Solidarity Economy:
the Challenges Ahead**
Summary of the Fair Trade Workshop's Activities

Les cahiers de la Chaire – collection recherche

No 05-2006

**Carried out by Véronique Bisaillon*,
Corinne Gendron** et Marie-France Turcotte*****

***Véronique Bisaillon** is candidate to the Master Degree in environmental sciences at University of Quebec in Montreal. She is also Student Researcher at the Chair of Social Responsibility and Sustainable Development.

****Corinne Gendron** is teaching at the School of Management Sciences of University of Quebec in Montreal. She is also holding the Chair of Social Responsibility and Sustainable Development.

*****Marie-France Turcotte** is teaching at the School of Management Sciences of University of Quebec in Montreal. She is also the Principal Researcher at the Chair of Social Responsibility and Sustainable Development.

Table of Contents

1. Introduction	3
2. Emergence and Definition of Fair Trade.....	3
2.1. Towards a Definition of Fair Trade	4
2.2. The Principles and Objectives of Fair Trade.....	5
2.3. Fair Trade: a Commercial Partnership	7
2.4. The Success of Fair Trade.....	7
2.5. Regulators and Transformers: Two Visions of Fair Trade.....	8
3. Strategic Issues for the Fair Trade Movement.....	9
3.1. Certification.....	9
3.2. Retail Practices	12
3.3. Local Development	14
3.4. The Impact of Fair Trade.....	15
3.5. Inequalities and Fair Trade.....	16
3.6. Communication and the Circulation of Information.....	16
3.7. Synergies with Other Initiatives and Movements.....	17
3.8. Public Recognition and International Trade.....	18
4. Towards a New Fair Trade Paradigm Rooted in 21st Century	19
4.1. Governance is Based on a Territorial Approach and the Principle of20 Active Subsidiarity	20
4.2. Governance Acts as the Vehicle for Linking Communities, from the Neighbourhood to the Planetary Level.....	21
4.3. Governance Puts the Economy in its Place	22
4.4. Governance is Founded on the Universal Ethics of Responsibility	22
4.5. Governance Defines the Cycle of the Decision-Making and the Administration Process of Public Policies.....	22
4.6. Governance Creates Cooperation and Synergy between Actors	23
4.7. Governance is the Art of Designing Systems that Correspond to Set Objectives.....	23

4.9. Governance is the Art of Long-term Management and Anticipating the Future	24
4.10. The Effectiveness of Governance Lies in its Legitimacy	24
5. The Outlook for Fair Trade from the Fair Trade Alliance and the Ethical Trade Workshop	25
5.1. The Outlook for Fair Trade.....	25
5.1.1. Identity and Fragmentation of the Movement	25
5.1.2. Fair Trade and the Conventional Market	26
5.1.3. The Certification/Verification System	27
5.1.4. Re-localisation of Trade and the Special Challenges facing the South	27
5.1.5. Inserting Fair Trade within Broader Reform Movements	28
5.1.6. The Transformation of Consumption and the Development of a Consumer Conscience	29
5.2. The Fair Trade Workshops Positioning and Programme for the Coming Years.....	30
5.2.1. Workshop Positioning	30
5.2.2. Proposition for a Working Programme for the Workshop.....	31
Annex A: List of documents used in drawing up the summary report of the Fair Trade Workshop activities.	35
Annex B: Will Fair Trade Change the World?	39

1. Introduction

Since its creation in 1999, the Workshop has examined the issues surrounding Fair Trade and the challenges it faces, as well as 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). They comprise some 30 documents written by Workshop participants, including the 2002 Proposal Paper for the 21st Century, reports regarding Fair Trade workshops, and discussions about the three last World Social Forums.

In this summary report of the Workshop's activities, we begin with a general presentation of Fair Trade i.e. 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 currently facing the movement. These primarily involve 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

During the 1960s the Fair Trade movement emerged, primarily in Europe but also in North America. Its objective was to fight unfair trading conditions and the dependency of Southern countries on Northern ones, with the goal being to assist these countries in developing themselves (Trade not Aid). Whereas liberalisation should have heralded “growth for all”, the benefits from this growth are distributed in a highly unequal fashion to the detriment of Southern countries. The instability of raw material prices and deteriorating trading terms are said by some to be causing this phenomenon: “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 relationships of dominance and subservience seen in past colonial and imperial systems (2002-2). The current international division of labour restricts the poorest countries to exploiting their primary resources. Southern countries find themselves dependent on Northern ones, a situation which leads to the loss of economic and food autonomy, the destruction of once habitable areas, and annexure to a global production system (1999-1:1). In essence the emergence of Fair Trade is the result of growing international trade that accentuates inequality and insecurity, and contrary to expectations, does nothing to meet development demands.¹

For consumers the emergence of Fair Trade, including Fair Trade sales networks, has contributed to the development of ethical consuming and consumer awareness. The result is a desire, amongst a section of the population, to build trading relationships based on values different to those prevailing in conventional international trade. Fair Trade is based on the establishment of mutually beneficial (solidarity-based) trading relationships, the most direct relationship between consumers and producers possible, and the payment of a fair price to producers.

2.1. Towards a Definition of Fair Trade

In Workshop documents we note a noticeable evolution in the definition of the term Fair Trade, peaking in 2001-2002 whilst FINE was drawing up its official definition. In 1999² for example, the Workshop presented the principles of Fair Trade (shorter trading chains, fair prices, solidarity, democratic producer organization, and the organization of distribution networks), and underlined the fact that Fair Trade re-socialized trading relationships. However the Workshop was unable to define the concept and practice of Fair Trade in a few phrases. In a 2001 document containing propositions for the development of Fair Trade in the 21st century, a definition of Fair Trade from EFTA was included: “fair Trade is an alternative approach that aims to create international trading

¹ Proposal Paper.

² 1999-1

relationships that contribute to the sustainable development of marginalized and excluded producer groups” (EFTA, cited in 2001-4 p.1). In a 2002 Proposal Paper, Fair Trade is defined as “a commercial partnership aiming to make the development of excluded or disadvantaged producers sustainable”. Fair trade attempts to achieve this by offering the best possible trading terms [to producers], and through education campaigns designed to waken consumers’ consciousness.” (EFTA cited in 2002-4 p. 11). EFTA's definition, similar to the FINE one, is as follows:

“Fair Trade is a **trading partnership** based on dialogue, transparency and respect, which seeks 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, raising awareness and in campaigning for changes in the rules and practice of conventional international trade.”

Fair Trade's strategy is to:

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

The Workshop favours a broader 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 for its stance, and study it in greater depth.

2.2. The Principles and Objectives of Fair Trade

Fair Trade is founded on the following core principles:

- direct relationships between producers and consumers, avoiding intermediaries and speculators as much as possible;
- a fair price, allowing the producer and their 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 when these are higher), freedom to form unions, 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 measurements for tracking the progress of producer or wage-earner groups towards sustainable development (2002-4:12).

In parallel with these criteria, the Workshop affirms that Fair Trade is intended to increase producer standards, 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 the participation of women especially. Also, producer organizations aim for “a balance between the local and export markets, preserving food security.” (2002-4:12-13). The extra income that Fair Trade generates should be used to contribute to local development. Food security itself, considered part of Fair Trade by some, is often not considered to be fundamental. In Fair Trade labelled products for example, food security is not clearly addressed as one of the principles. As we shall demonstrate, 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 marginalized producer groups;
- drive progress in trading practices towards sustainability and the incorporation of social and environmental costs, for example by lobbying for legislation changes;
- raise consumers' awareness of their power to promote fairer trade models;
- promote sustainable development and the expression of local cultures as part of an inter-cultural dialogue (2002-4:12).

These objectives can be regrouped to reflect the two primary purposes of Fair Trade to: 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 seen as a central characteristic not only by the Workshop but by all who advocate it. However establishing commercial partnerships between producers, importers and consumers is not always easy. This is because 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 quite recently the distribution of Fair Trade products was restricted to alternative distribution networks, primarily through purchasing unions and charity shops (the **integrated channel** distribution model). The creation of the first Fair Trade label towards the end of the 1980s, which guaranteed certain production and trading standards, enabled Fair Trade products to break into other distribution networks such as multiple retailer channels. This step made Fair Trade products accessible to the mass market and created the **Fair Trade labelled channel**.

Fair Trade has grown substantially since the introduction of Fair Trade products into multiple retail networks. The increasing numbers of responsible consumers concerned by the social and environmental costs of production explain the movement's success in the North. Thus even though market share generally remains marginal, with some exceptions such as Fair Trade bananas in Switzerland that have 23% of the market³, sales have continued to grow in recent years. Various Fair Trade products are now available such as tea, cocoa, honey, sugar, bananas, and orange juice. Since 1997 the Fair Trade Labelling Organization (the international Fair Trade labelling body) has coordinated the labelling of Fair Trade products. Specific criteria govern production and trade in each Fair Trade

³ 2002-3 p. 17

channel.

2.5. Regulators and Transformers: Two Visions of Fair Trade

The labelling and distribution of labelled products in supermarkets accounted for a significant increase in Fair Trade sales and lies at the heart of the debate between different stakeholders. The Workshop sees the visions of Fair Trade stakeholders as lying along a continuum from **regulators** to **transformers**⁴ (2002-3:26). For regulators, Fair Trade is seen as a springboard to allow marginalized producers access to 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 work towards transforming international trade rules in a more fundamental way. The transformers are concerned that the movement may end up espousing a form of liberalism, concentrating only on integrating producers into international markets in the quest for greater market share, and thus move the movement further away from its **original** 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 the pricing and production conditions of goods and services.” (1999-1: 3)

The movement thereby runs the risk of losing its transformational potential, 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 number of producers possible — hence the divergent views of stakeholders who tend towards one vision or the other.

⁴ 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 an overview of strategic questions concerning the Fair Trade movements' evolution, as raised by the Workshop since it began examining this issue. The aim is not to exhaustively restate the Workshop's proposals and strategies⁵, but to outline the issues facing the Fair Trade movement into core themes and present the Workshop's views about them.

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, having played a major role in the appearance of Fair Trade products on supermarket shelves is also largely responsible for Fair Trade's success with consumers. In the 2002 Proposal Paper we presented all the various challenges that labelled distribution creates. The strategy has great limitations in terms of cost and the number of products that can be certified. At present, certified products are fairly basic and so it is easy to monitor the entire production chain. The situation is more complex when products are composed of a mix of Fair Trade and non-Fair Trade materials, [as is the case with fair trade soccer balls where only the stitching is guaranteed fair trade](#). Similarly, certification of manufactured products and services such as tourism pose considerable challenges for the movement. The Workshop underlines the necessity of international consultation concerning such 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 to organizations rather than products. Audet (2004-1) reported that IFAT was thereby seeking to restore the original vision of Fair Trade, i.e. to bring consumers and producers closer together (their relationships having become less direct since the

⁵ For further details we invite readers to consult the document list in Annex A.

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 recognizes 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.

In 2005 the success of food products sold by multiple retailers under the FLO label aroused the interest of IFAT members who were keen to see their Fair Trade handicrafts sold in the same way and especially with the same level of success (Bisailon, 2005). In a climate where sales of Fair Trade hand crafted products are increasingly difficult, many are of the opinion that IFAT should develop strategies to place these products in the mainstream as was done with food products bearing the FLO label. Although the organization label is a means of identifying membership in 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' sine it is not the product itself that is certified. In the Fair Trade handicrafts field product renewal is far more crucial than for foodstuffs, which poses an additional promotion and sales challenge. In short there are two strategies, the IFAT and FLO strategies, and two types of distinct products, foodstuffs and handicrafts. The 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.

The 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, refusing to include them as partners in the Fair Trade movement. Others 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 FLO being criticized time and time again by IFAT members, who are on the whole hostile to the certification of large enterprises.

As Fair Trades popularity rises, increasing numbers of labels and codes of practice are appearing whilst the term 'Fair Trade' remains unprotected. This situation creates confusion in the mind of the consumer. In this context, the Workshop identified one the Fair Trade movements risk being that the **Fair Trade concept become commonplace, with a subsequent loss of control over its 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 alternate 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"), whilst requiring organizational and product qualities that the most marginalized producers often don't have. Thus fair trade certification sometimes acts as a **barrier of entry** for the most marginalized producers which it is meant to assist⁶.

Fair Trade certification is just one certification amongst others. Producers often need one or more certifications before entering some markets, such as Fair Trade and organic. The development of **synergies between these two 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. However the Workshop remains wary of falling into the trap of technical-only cooperation that would marginalize small producers (2002-3).

⁶ One of the conclusions arrived at during the 2005 WSF.

Finally, it is difficult to **implement the Fair Trade criteria** in both the Northern and 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 payments, lower prices paid, the aggressive attitude of buyers, and attempts to haggle about prices. [They accuse the North of selling false dreams](#). Establishing a Fair Trade commercial partnership is not as easy as people once hoped. But more profoundly, if the North is not able to respect its own requirements, how can it find the legitimacy needed to continue ensuring that the Fair Trade criteria required of the South are respected? There is much disillusionment amongst Southern organizations which operate with criteria that is twice as strict as those in force in the North. This situation highlights the complexities of attempting 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 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 or whether they were simply transitional instead, and what criteria the certification agencies themselves were 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 have been 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**, whereby chain store operators inevitably become 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

dilute Fair Trade and to confine it to a niche market. They see the participation of multiple retailers in Fair Trade as simply an opportunity for them to diversify their product offer, having no impact on their usual practices. Furthermore, by entering the retail-chain market, Fair Trade stakeholders are required to compete with that sector's traditional stakeholders, including the retailers themselves, who may wield considerable power. The fear is that the idea of fairness will become absorbed by the dominant market model over time. "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 regarding the distribution of Fair Trade products is thus a major issue surrounding the insertion of fair trade products into the market⁷.

However the sale of Fair Trade products through conventional chain retail channels is well 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 or decline of Fair Trade handicraft product sales (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 cause. 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-light', which has evolved with the entry of 'responsible' multinationals and other ethical labels into the market that threaten Fair Trade. During this conference IFAT, which is traditionally associated with the most militant wing, clearly opted for the market.

⁷ See, for example, the effect of Biocoop in France (2003-3).

3.3. Local Development

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 advanced funding, and long-term commercial relationships. Fair Trade can even lead to stimulating new openings in the conventional market and thus contribute to improved relations between traditional stakeholders. Fair Trade, primarily seen as North-South trading based on the production of cash crops for export, is confronting several obstacles (2003-1). On the one hand, the Workshop noted that Southern producers often have more partners from the North than from their own countries. Furthermore, Fair Trade represents only a minor 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 improve economic security in the medium term, thereby potentially ensuring greater food security, the fact remains that Fair Trade products are principally aimed towards export markets (2001-2). Thus in practice the development of Fair Trade relationships can lead to more crops being grown for export at the detriment of local staples, forcing people to buy imported foodstuffs that are no longer locally grown.

Fair Trade alone does not appear capable of providing a satisfactory solution to food sovereignty and integrated development problems at the local level. As a consequence, the Workshop notes the emergence of a number of innovative trading practices in both the North and South that attempt to solve this problem. They include 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 within Southern countries, and then between Southern countries, applying the same pattern equally to the North, and only

then starting to consider North-South trade. This idea proposes prioritizing Fair Trade into different levels of action. During the 2005 WSF, stakeholders from the informal, local and solidarity-based Fair Trade denounced the exclusive appropriation by institutional and international practices of the term Fair Trade (Gendron, 2005). Thus there exists a spectrum of practices capable of coming under the umbrella of Fair Trade, which 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 that Fair Trade has on the lives of producers. Whilst some producer organizations are well known for their success, the impact of Fair Trade, aside from the easily assessable economic effects, are generally not well demonstrated. Measuring the social, economic and environmental impacts of Fair Trade is very important considering that Fair Trade is not an end in itself but rather a means to achieve 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 trading of its products. Being an international trading system, Fair Trade generates excess pollution and packing through transportation. The Workshop wonders whether importing Fair Trade products into countries where these goods or substitutes are produced can be justified. Obvious examples include 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 into Germany despite it producing its own blackcurrant juice which is also rich in vitamin C. The environmental impacts of international Fair Trade provides the logical justification for the development of local and regional Fair Trade systems. It is also legitimate to ask whether such strategies, by limiting the development of Fair Trade networks, would not 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 adjoined standards — sometimes hard for producers to meet — could constitute entry barriers for small producers. Africa is the most marginalized continent in terms of international trade, and compared with other continents (2005-3), producers from Africa are also the least numerous within the Fair Trade system. Producer organizations from the South have long demanded a greater role in Fair Trade bodies. Fair Trade standards for Southern countries are decided by the North, and producers from the South required to comply with the demands of Northern consumers. In what way does Fair Trade genuinely promote - be it the entry of new producers, the operation of its institutions, or more broadly in terms of the international trading model that it proposes - equality of chances for all?

3.6. Communication and the Circulation of Information

Whilst Fair Trade is defined as a commercial partnership founded on transparency, many stakeholders, especially producer groups, do not enjoy equal access to information. Since the beginning of the Workshop's work, communication and the circulation of information between producers, distributors and consumers on the basis of true reciprocity has been a strategic challenge. The Fair Trade movement must continue to strive to resolve this issue. All directly concerned stakeholders, not just specialists and academics, should join the process of reflecting on the directions that Fair Trade should take. 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 time again by producer organizations from the South.

Information provided to consumers is a very important issue in the development of the Fair Trade movement. Increased sales of Fair Trade goods and campaigning for a fairer trading system 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 with movements promoting ethical and responsible consumption.

3.7. Synergies with Other Initiatives and Movements

Fair Trade should 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 trading relations between producers from the South and consumers from the North more transparent (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 the respect of social and environmental standards primarily from the ILO. Fair Trade and ethical trade are known for their contribution to sustainable development in regards to three fundamental elements: the quest for the internalization of social and environmental production costs; the partnership between producers and consumers (applies especially to Fair Trade); and the integration of ethical and sustainability criteria (2002-1). However ties between these two movements remain limited, 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, in reality there are very few links between these two movements⁸. In Quebec though, new forms of exchange are emerging between fair trade cooperatives from the South and other cooperatives from the North, in the framework of inter-cooperative agreements.

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

⁸ This issue was the subject of workshops at the 2003 and 2004 WSF.

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, especially with regards to certification, distribution, or the content of rules and standards, all of which the organic movement has greater experience in.

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 surrounding the foundations of current economic policies, aiming 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, 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, as well as its ability to incite debate around such issues.

During the Lima meetings in 2001, Fair Trade stakeholders reflected on the impact that international agreements had on Fair Trade and vice versa, seeking to explore how to use Fair Trade as a lever for changing the rules of international trade. On the one hand, participants noted that Fair Trade breaks trading rules since 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, particularly because it may require limits to be set on the labelling of Fair Trade products and on the amount of information provided to consumers, and also because there is fear that it will undermine efforts made to build a legal framework around Fair Trade practices. More generally, this principle hampers the process of internalizing social and environmental costs (2001-4). On the other hand, Fair Trade is ideally placed to challenge and monitor international trade practices, especially 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 debate 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). Essentially, the WTO is concerned solely with naming and characterising products, whereas the Fair Trade movement is also concerned with the entire production and distribution process.

4. Towards a New Fair Trade Paradigm Rooted in 21st Century Governance Principles

If it is to remain united and coherent, the Fair Trade movement should thoroughly re-examine its objectives and how it intends to achieve them. The presentation of the various issues raised by the Workshop highlights certain objectives that may prove difficult to reconcile. In order to foster the coherent development of the Fair Trade movement the Workshop proposes a new paradigm for Fair Trade. The Workshop has chosen the following definition of Fair Trade, one that is based on wider 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, as well as contribute to the sustainable and equitable development of communities and the people.” (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 long-term partnerships based on trust, transparency, and fairness. It reaffirms that trade ties are founded on social ties, seeking to re-socialize the act of trading and 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 the 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 trade in an economy that should be at the service of humanity whilst respecting the environment. It therefore participates in initiatives which promote a new kind of governance for the 21st century (Calame, 2001). We will take another look at each of these principles and at how Fair Trade can, if promoted in a broad manner as part of the social and solidarity economy like the Workshop proposes, be part of and contribute to such governance.

4.1. Governance is Based on a Territorial Approach and the Principle of Active Subsidiarity

Envisaged as a tool for local development, which addresses the imperative of food security and participates in local supply networks rather than intensifying dependence on Northern markets through increased specialization, Fair Trade contributes to local restructuring within a participative democracy. Fair Trade is based on a cooperative structure and the umbrella organizations that producers belong to reinvest the fair trade price bonus in collective local institutions such as schools, health centres, and skills centres. The organizational structure of Fair Trade encourages dialogue and cooperation, which whilst posing challenges, aids in establishing local solidarity between neighbouring producers leading to concerted local development strategies.

As far as active subsidiarity is concerned, it is important to start by recalling the three fundamental notions that underpin it: that different levels of governance share a joint responsibility, focussed not on looking at how each level tackles the questions coming under its responsibility but how every level can cooperate to resolve global problems; each territory must find specific and relevant responses to the jointly defined governing

principles; and 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 territorial 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 demanded by the Northern authorities and consumers. The broader perspective of Fair Trade proposed by the Workshop envisages a movement carried by organizations on the local level instead, which take responsibility both for individual producers' 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 specific local solutions to global problems, and cooperate in resolving issues that go beyond their scope by sharing responsibility for meeting the challenges facing human societies.

4.2. Governance Acts as the Vehicle for Linking 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 stems as much from their geographical diversity as their demographic diversity, with the presence of women and men and the participation of native and marginalized populations. Interestingly, the Fair Trade movement has also led to the emergence of national and international groups and 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 reverts to its role as providing meaning in a 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. It strengthens individuals' capacities by offering them greater economic security, integrating them in solidarity networks, and by making things like training, information, expertise and equipment available. Furthermore, Fair Trade is a concrete means for refusing to accept the supposed inevitable laws of a blind and amoral market, proposing an alternative operational channel for international trade based on new actors and rules far removed from marginal utility maximisation and the exclusive pursuit of individual interests. The existence of Fair Trade proves that the economy can be shaped by socio-political rules, remaining malleable without losing its functionality and effectiveness, whilst achieving social objectives elaborated via collective consultation rather than the strategic interests of dominant actors who vainly believe in the trickledown effect.

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 becoming aware of their interdependence with southern producers and their ability to use their purchasing power 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 must no longer *hide behind the knowledge of their own impotence or ignorance, or the duty to obey*.

4.5. Governance Defines the Cycle of the Decision-Making and the Administration Process of Public Policies

The reorganization of governance centres by the forces of globalization has shaken up decision-making strategies and democratic mechanisms. Fair Trade is positioned as an organized opposing force, claiming the status of an arbitrator with public authorities in the same way as private businesses, in order to participate in debates about international trade mechanisms and the development model of Northern and Southern societies. This

new socio-economic movement acts as a vehicle for political projects promoted both within and beyond national borders, in the hope of participating in discussions on the organization of global economic governance. Thus it provides a channel for the global citizen to advocate certain aspirations that are not conveyed by the current system of representative democracy, which has been transformed, purged and distorted by the strictly economic and commercial view of well-being transmitted by state representatives acting as delegates in global economic governance bodies.

4.6. Governance Creates Cooperation and Synergy between Actors

Fair Trade and new socio-economic movements in general act on the international stage, calling into question transnational corporations activities and their corresponding consequences, at a level where nation-states do not have the mandate for such a supervisory role. They thus participate in a real multi-partite dialogue, attempting to define the essence and measurements of sustainable development from a local to a global level. Nation-states participate too, frequently providing a framework wherein actors can find the means to implement solutions, and backing up chosen options with a facilitative and stabilizing regulatory framework.

4.7. Governance is the Art of Designing Systems that Correspond to Set Objectives

By offering a parallel trading network to the traditional trading system, Fair Trade calls into question the commercial institutions promoted by public authorities. This questioning process addresses the inconsistency of a system which encourages the widening gap of inequalities whilst offering “aid” so that the countries concerned can recover from these inequalities. It also raises the possibility of consultation and cooperation around global problems, in contrast to the highly restrictive and functional inter-state forums founded on a competition and negotiation logic that aims to maximize various parties’ interests without considering the repercussions of issues that concern all. Fair Trade thus exposes governance inconsistencies and calls for deliberation about governance institutions better designed to meet inter-state and shared challenges.

4.8. Governance is used to Control Exchange Flows between Societies and between Societies and the Biosphere

Because it rejects the notion of a commercial transaction where all relevant product information is reduced to the price, Fair Trade opens up the way for the 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 marginalized Southern people become relevant information liable to channel, orient or modify the flows of exchanges between societies. Thus Fair Trade labels and other responsible consumption labels place a social and political content into products and the purchasing, orienting the market towards shared sustainable development objectives.

4.9. Governance is the Art of Long-term Management and Anticipating the Future

The view of the economic transaction conveyed by Fair Trade is out of step with the vision of social relationships advocated by prevailing opinion. Fair Trade looks at commercial relations from a long-term perspective, 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. This notion of the economic transaction conveyed by Fair Trade thus enables agents to anticipate the future.

4.10. The Effectiveness of Governance Lies in its Legitimacy

As Fair Trade institutions adopt a broader definition of Fair Trade and allow the participation of southern actors they will increasingly be recognized as legitimate actors, not only in terms of their commendable goals but also their deep-rooted relationship with concerned populations. This legitimacy increases in importance as Fair Trade institutions speak with one voice, in order to increase their influence in reforming the international trading system and position themselves as a mediator both within the nation-state and on the international stage.

5. The Outlook for Fair Trade from the Fair Trade Alliance and the Ethical Trade Workshop⁹

Workshop members were asked to respond to the following questions:

What does the future hold for Fair Trade, i.e. what's 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. The Outlook for Fair Trade

5.1.1. Identity and Fragmentation of the Movement

The identification and recognition of Fair Trade according to FINE specifications or other standards like Utz Kapeh and 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 visions which actors take: that of regulators (through the market) and that of transformers (through the construction of a true social movement). These differences have become more apparent over recent years, and although not formally acknowledged as such, the contradictions are all too clear in: local, national and regional debates about Fair Trade; certification issues; the level of control exercised by producers and consumers in the various sales systems; and the appearance of new regional producer networks. There is a risk that parties will express their opinions in increasingly radical 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 within the founding principles of Fair Trade. One of the consequences of this radicalisation may be that the large international networks lose their legitimacy.

⁹ 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*.

One of the greatest threats to the Fair Trade movement is internal divisions about certification and the participation of large-scale retailers.

The regulator/transformer conflict. It is not certain as to whether the regulator/transformer description correctly addresses the conflicts within the market. If the transformers remain a purely social movement, they are no longer Fair Trade or solidarity economy actors but simply social activists. However trade takes place even within this movement, making it an economic movement as well as a social movement in any case.

5.1.2. Fair Trade and the Conventional Market

Fair trade is an excellent way to seek accountability from businesses as it encourages 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 the distribution of certified products?

Are suppliers of fair/ethical products capable of forcing large-scale retailers to improve their practices or of dictating partnership terms? If the balance of power does not presently favour producers, it is possible to balance it by linking the consumer and cooperative movements together with others working to improve corporate social responsibility?

The increasingly important role played by private companies in Fair Trade. The introduction of Fair Trade certification bodies has had a profound and lasting effect on the sector, popularizing the concept and assisting 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 now surrounds the conditions by which products are sold. The task is to work with businesses towards achieving greater respect of international production and sales process standards as well as environmental norms.

This is being done in two ways: by strengthening internal efforts within companies intended to heighten social and environmental responsibility (known as CSR), and by creating multi-actor action platforms (notably with NGOs, trades unions, environmental associations etc.) to exert pressure from the outside and appeal 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. Even though private businesses are partners in Fair Trade, it is essential to distinguish the specific nature of Fair Trade from the field of CSR.

Convergence between Fair Trade and ethical trading is fundamental towards multiplying and strengthening protest actions.

Fair Trade is not an objective in itself; it must aim to force commercial regulations to submit to fundamental labour, individual and environmental rights i.e. to sustainable development.

5.1.3. The Certification/Verification System

In time only a government supported verification system can ensure true audit independence. As long as controllers are paid by those that they control, minimum levels of independence will not be achieved. All private financing, even when indirect such as membership to a trade body, leads to competition for survival between trade bodies of similar types over time, something that is not compatible with truly independent verification.

5.1.4. Re-localisation of Trade and the Special Challenges facing the South

The development of regional and national labels will allow small producers to participate; they sometimes find it difficult to join international labelling schemes.

The expansion of the market will ensure fair trade producer access and improve their socio-economic conditions; however such expansion appears limited in light of demographic growth.

Bring the informal sector in from the sidelines. In most Southern countries the informal sector is the primary source of development. This sector, characterised by civil society creativity, has few if any connections with international trade, limiting 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 re-localization of the economy, or perhaps its de-globalization (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 trade. The current trend is to seek outlets in local, national and regional (within the same continent) markets. The future of FT lies here, as an economic activity of solidarity, a transformational social movement, and a motor for local sustainable development. 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, this tendency is undeniably winning over more and more converts in the North as well as in the South. If this continues FT will undergo radical change - especially in terms of the social control of systems put in place by producers, consumers, trades unions, local authorities and NGOs - rebalancing it towards producers. Target new markets in order to increase sales in a way that meets the needs of a growing number of fair trade producers.

5.1.5. Inserting Fair Trade within Broader Reform Movements

The search for broad-based alliances aimed at reforming the international trading system seeks the establishment of public fair trade rules. The need for Fair Trade bodies to join the debate about international trade rules appears to be gaining ground. Based on FT operators experience and the movement's very positive public image, international FT bodies belonging to the FINE network are attempting to launch international campaigns and develop ties with NGOs and trades unions in order to gain

greater influence at international conferences. Here too differences in approaches are evident, with 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 agreements 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 forge strong links with other civil society actors. This process should help in achieving positive outcomes to possible future internal crises, as these will be increasingly 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 about “equitable regulations”? Certainly, even if other terms such as “a balanced and sustainable system of international regulations” would be more appropriate. It is crucial to understand that even at the national level laws are made internationally.

5.1.6. The Transformation of Consumption and the Development of a Consumer Conscience

Consumer evolution towards a more critical and responsible attitude vis-à-vis the consumer society. Even though it remains unstable, the general trend towards ethical consumption is definitely visible, especially amongst the middle classes in Northern countries. 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 success of this battle depends on the ability of the Fair Trade movement to influence consumer organisations and national education systems.

5.2. The Fair Trade Workshops Positioning and Programme for the Coming 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.

5.2.1. Workshop Positioning

Below are the proposals for positioning 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. A special study could be made of Latin America for foodstuffs, Asia for crafts, and Canada and France for Northern markets;
- Study the question of labels and certification. The idea of imagining domestic Fair Trade in a South-South context is appealing. But only a very few countries have the capacity, resources and cash to establish a labelling and certification system, and people are rarely aware of these issues. These problems must be studied and solutions proposed; this is something that the Workshop could take on, since FINE is involved in the promotion and expansion of market share in existing markets;
- Explore connections between social responsibility, ethical consumption, 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 often suffer from globalization with large businesses forcing them out of the market because of price and quantity restraints that SMEs are unable to compete with.

The Workshop should participate at international meetings, where it should make its positions known to more and especially 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 position 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, systematizing 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:

- Improving the definitions of the concepts that we work with;
- Strengthening the observational, analytical and systematization capabilities by recruiting from a wider pool than Fair Trade networks alone;
- Continuing work on responsible consumption, public regulation at various levels and CSR;
- Disseminating 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 without recognising the differences and contradictions that exist between actors and between Workshop members.

5.2.2 Proposition for a Working Programme for the Workshop

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

- Publication of a book of our analyses and prognoses (2006);
- Conduct a study into existing certification systems¹⁰ (2006-2007);
- Conduct a study of Fair Trade indicators (economic, social and environmental)¹¹ (2006-2007);

¹⁰ We need to demonstrate the advantages and limits, without resorting to an ideological debate (Pierre Johnson's comments).

¹¹ 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).

- Establish links with consumer organisations¹² (2006-2008);
- Analyse and systematize the concepts and practices surrounding ethics, responsibility and citizenship¹³ (2006-2008);
- Analyse and systematize the experiences and practices in public regulation at all levels (2006-2008).

These activities should reflect the different situations prevailing in the world — especially in the South — encouraging citizens of these countries to join our work whenever necessary. Similarly the Workshop's work has no meaning without exchanges between other WSSE workshop members in parallel, especially Indicators, EASR, Women and the Economy, International Regulations and Vision (see the website www.socioeco.org).

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

1. People interested in getting involved in one element of the defined programme must help in finding funding for the work (or be able to do the work on a voluntary basis);
2. There needs to be alignment 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 should 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 tend to 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

¹² Sadly, most of these associations are not up to date with 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).

¹³ 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).

task of coordinating public debate is indispensable. We must not neglect it during the 2006-2008 period.

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

1999

Chantier Commerce Équitable. 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^{re} 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 Équitable (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^e siècle, 6 p. (2001-4)

Other Documents

Calame, Pierre. 2001. *The principles of governance in the 21st 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^e siècle: Commerce Equitable (version du 1^{er} 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. (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)

Bisailon, 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 Process

This paper is a summary 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 my responsibility as I have been a member of the Workshop's coordination team for the past three years. This paper is also 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 was 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 defining a solidarity-based globalisation.

Concerning strategies to develop, the Proposal Paper suggested¹⁴:

- 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, recognising womens roles, and the interactions between FT and other solidarity economy practices;
- Developing information for consumers and public recognition of Fair Trade;
- Expanding 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 of trade into rules about 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

¹⁴ Proposal Papers for the 21st Century, Fair Trade, Alliance for a Responsible, Plural and United World, November 2001.

an analysis in both temporal and geographical terms.

FT originated during the 60s in the North (America and Europe) by supporters of third world causes. It was viewed as a new form of solidarity with the poor from the South. The objective was to aid 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 unaware of FT for a long time.

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 predominant means was commercial, targeting chain retailers (mass consumption) and communication towards

the general public. Starting in the 1990s, awareness of FT grew in step with the increasing number of private operators. Public authorities also started to take notice.

During the same period many of the Northern and Southern actor networks started to define FT as a system of exchange that went beyond mere North-South trade, a tool for social and environmental change. The objective was to incorporate the respect for human rights and the ecosystem into global trade. The strategy? To build a FT movement capable of influencing decision-makers from the political and economic spheres. The message was the same as that of 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 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 movement 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); 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; the search for more suitable geographical forms (local, national, regional FT in the South as well as the North); and the need to interconnect local practice with national and global forms of public regulation¹⁵.

The Role of the Workshop

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

At both the WSF and ESF we, along with many other actors, promoted and organized seminars and workshops 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; and FT and distribution networks.

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

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

As members of the Workshop, the Workgroup and the Alliance, we have become renowned at FT meetings for our ability to bring forward ideas and 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 forward a range of proposals targeting different actors.

Clearly our largest effort has concentrated on direct actor networks (producers, store networks, consumers) and on related work with other networks (organic farming, platforms on agriculture, women's movement, solidarity-based finance, CSR). We have thus contributed significantly to these actors' deliberative processes, helping them to see

¹⁵ *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

beyond their purely operational preoccupations, to seek and set in motion interconnections between their local actions and their contributions to the debate at 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, such as Fair Trade Tourism, Fair Trade Information and Fair Trade Public Procurement. Major international campaigns have drawn inspiration from the FT example (Clean Clothes Campaign, Euronban), causing businesses to alter their relationships with sub-contractors and producers.

Furthermore, a majority of public opinion in the North is in favour of this type of trade, and many multinational businesses and national and local governments claim to adhere to FT practices. The concepts' 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 the Alliance's preoccupations, indeed the FPH's too, my view is that FT has become a reality marked with uncertainties, inadequacies, and hopes.

Uncertainties, because it is all too easy for the market economy to hijack FT as a commercial niche, by appealing 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 based 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 offered 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"¹⁶; and 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 even ideological dependency on the market economy. For example, in a 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. A FT price is a political decision, arrived at by responsible actors working in cooperation, designed to allow the producer to live decently from their labour. In the same way, consumers are informed about the various costs

¹⁶ *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.

inherent in the FT supply chain and are thus able to purchase in a responsible and informed manner. Intervention by public authorities, in their role as guardians for the respect of human rights and the safety of the ecosystem, is required for such a system to become commonplace.

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 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.

Time worked:
24/1/06 9pm-

CHAIRE de responsabilité
sociale et de
développement durable
ESG UQAM

École des sciences de la gestion | Université du Québec à Montréal
Case postale 6192 | Succursale Centre-Ville | Montréal (Québec) | H3C 4R2
Téléphone : 514.987.3000 #6972 | Télécopieur : 514.987.3372

Adresse civique : Pavillon des sciences de la gestion | local R-2885
315, rue Sainte-Catherine Est | Montréal (Québec) | H2X 3X2

Courriel : crsdd@uqam.ca | Site web : www.crsdd.uqam.ca

ISBN 2-923324-37-4

Dépôt Légal – Bibliothèque nationale du Québec, 2006