

Fair Trade Forum – Outline Document

The Alliance for a Responsible and United World

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Fair Trade

The concept of fair trade was born from the growing awareness of the **unequal nature of commercial exchange between the North and South** of our planet. Its initiators created mechanisms to begin counter-acting to a certain point the structurally unfavorable relationships for producers from the South, particularly with regards to the exportation of agricultural products.

By putting producers from the South and consumers from the North directly in contact with each other, and guaranteeing that distributors¹, will respect certain economic and social criteria, Fair Trade **seeks to create a more equitable share of aggregate value between producer and importers** and to assure a greater stability of prices and income for the producers, thus allowing them to obtain a better standard of living. Furthermore it comes within the context of **sustainable development**, particularly the movement by certain producers towards a more **ecologically balanced agriculture**, as well as thanks to the creation of new and **alternative systems of financial solidarity** allows local initiatives to gather support.

Similarly in The North, Fair Trade endeavours to promote **ethical consumption**, as opposed to consumerism and in contrast to traditional consumer protection, which is mostly concerned with the relationship between quality and price. Through the use of a **labelling system**, Fair Trade organisations have established a means for the consumer to find socially and ecologically responsible products in their normal shopping environment. This has, among other initiatives, contributed to the vitality of Fair Trade.

The movement for Fair Trade has opened channels that have allowed consumers to consider the political and ethical nature of their actions. The times when buying a fair trade product in an alternative shop was considered as a militant act rather than a conscientious one have to a certain degree changed. This movement was set up in such

¹ Namely, application of basic rights as defined by The International Labour Organisation (ILO): a ban on forced labour and child exploitation, recognition of trade union rights, religious, ethnic and sexual equality. Furthermore accountability among major distributors to Fair Trade criteria or codes of conduct to which they are committed.

a way as to be able to respond equally to the expectations of the producers and the consumers' demand for quality. It thus allowed certain fundamental myths associated with contemporary market forces to be challenged: the automatic efficiency of "The Invisible Hand", the positive effects of individualism and irresponsibility on exchange, etc. Today we can envisage a re-socialisation and politicisation of economic exchange, of which Fair Trade is an example.

Main areas of investigation.

The success of the movement for Fair Trade raises certain questions, which the Alliance for a Responsible and United World workshop "Fair Trade" will attempt to answer.

An Assessment of Fair Trade's impact.

The strengths and weaknesses of Fair Trade stem from the need to pursue different objectives that are not always easy to reconcile: cultivation for local or export markets, market integration and preservation of indigenous cultures, development through mass marketing and a questioning of consumerism. How can we measure the success of Fair Trade methods? Are there any relevant studies? Which criteria do we need to take into account when conducting impact studies?

Diverse methods.

The dynamic nature of the Fair Trade network for Southern products (tropical products and craftwork) towards the North explains why Fair Trade is considered as a North/South solidarity movement that follows the maxim "Trade not Aid". However it is applicable in the North as much as the South, other methods can justly claim to be part of the same philosophy of solidarity. A notable example is community-supported agriculture, which can be found in parts of Europe and America and has advanced new forms of solidarity between town and country as well as a system of trade that has contributed to the surrounding region.

Can we consider such methods as part of Fair trade? What should our definition of Fair Trade be, in the light of the relationship between the different methods? What is there in common between the methods of fair trade and other methods of solidarity?

Fair Trade and Local Solidarity.

One of the main challenges posed by the dominant structures of the world economy is to secure an integrated development of regions, as much in the North as in the South. The impact of world trade does not only create unequal exchange but also destroys regions, and sacrifices the environment to "development". If we thought during the sixties that suggesting a redistribution of profit was enough to promote development, the question seems much more complex today. Economic and social fractures appear not only in the South but between regions in the North as well.

As an undeniable player in the domain of economic solidarity, Fair Trade manifests itself mainly at the level of international exchange. The inequalities caused by the globalisation of exchange and the destructive effect it has on local economies and communities, forces us to consider our experiences of Fair Trade in the light of the need to develop equitable exchange.

To be able to combine its concerns and its objectives, Fair Trade must consider a larger definition of its own goal, allowing itself to take advantage of more and more initiatives at the local level. If we only take into account economic criteria when we create “Fair Pricing”, it won’t be enough to ensure an equitable exchange. We have to pay particular attention to the protection of the environment and food self-sufficiency.

Access to information for consumer and producer.

Fair Trade offers commercial networks where all the various people involved (producers, importers etc) have access to revenue information. Independent agencies, certified by Fair Trade, guarantee the availability of this information, and indicate with the labelling system the products that conform to the established criteria. This is an interesting innovation, defining the boundaries of a more humane and responsible economy. World trade negotiations could limit product labelling options and the information available to the consumer. We must defend the right to have all the information about a product and to understand its “invisible” qualities (the effects on the environment, producer’s conditions, etc).

We must also find practical and legal ways to make more information available to both producers and consumers. For example, we can devise criteria that correspond to different aspects of a product (the conditions of production, respect of the environment, health, perhaps animal rights). But we must remember that a number of criteria vary from one country to the next. Democracy, justice or health doesn’t have the same definition in every culture. The question of information exchange should remind us that over and above the simple exchange of raw data, as with economic data, there has to be a dialogue between producers, distributors and consumers that is based on a real interchange.

Links with the distribution network

Certain major distributors have become interested by recent trends in Fair Trade. Moreover, the increased sales in certain countries have come about as a result of the involvement of some of the major producers in Fair Trade product distribution. This is not shocking, as long as the certifying organisations can assure the *ethical nature* of their products, symbolised by independent labelling. However, the proliferation of *own brand labels* as well as charters and codes of conduct by certain distributors or large companies themselves threatens to confuse the unaware consumer. This is why we must carefully monitor the ethical interest of these important economic forces.

Growing interest in Fair Trade shown by the major distributors poses serious questions for all of us. We must encourage public and private regulation of world trade that goes in

the desired direction, whilst avoiding purely symbolic gestures, which hide the dominant methods that still rely on games of instability and relationships of force.

Influencing public politics

The overdue signs of public acceptance for Fair Trade begs another question, namely the unity between the politics of economic regulation and the displays of cooperation. Even if the European Parliament has adopted some of the principles of Fair Trade², at the same time it called into question the guiding principles of the Lome Accords, which ensured more equal trade with the countries of Africa, the Caribbean and The Pacific. The large-scale promotion of Fair Trade will neither limit the debate on the fundamentals of present day economic politics , nor the true reflections about the conditions for a balanced and sustainable development. In the absence of these, symbolic gestures from governments are likely to have little or no impact.

² In its resolution A4-198/98 approved on 2 July 1998.

Recommendations from the participants at the Fair Trade conference workshop held in November 1999 in Paris (France).

- **Consume ethically and produce equitably.** All our allies are encouraged to participate in the development of these practices. On an individual level, our allies can find out about forms of action, and about the commercial outlets for Fair Trade products; on the collective level they can lobby institutions, associations and businesses with whom they are in contact, or on whom they can exert pressure, to discriminate positively towards ethical products and to send out as much information as possible about the concerns of this form of public commitment.
- **The creation of a debate on Fair Trade** among the principal protagonists themselves, In North and South. This could be achieved by encouraging communication between the different groups committed to Fair Trade: producers, distributors, consumers etc. Setting up a network for dialogue would help nurture this communication, motivated by a more pleasant and supportive environment for taking part in the market economy.
- **Defend and Spread the Right to Information**, for both the producer and consumer, about the social and economic conditions of the production of goods and services, which are being threatened by multilateral decision making. Present-day methods of communication could encourage the setting up of information and product exchange networks, and the development of files available on the basis of computer data, that could be duplicated on a material basis.
- **Link Fair Trade and Local Development.** The participants propose further thought on the expansion of Fair Trade actions in favour of local development, combining the joint management concerns of the regions, social development and environmental protection.
- **Encourage alliances and cooperation** between the Fair Trade protagonists and their initiatives and other practices of solidarity economics. Proponents of Fair Trade and Ethical Consumption should start looking for links between Fair Trade and other actions that support balanced and conscientious exchange: solidarity finance and savings, eco-tourism etc.
- **Increase the critical dimension of Fair Trade and other practices.** Use these experiments to reconsider the rules of world trade. A trade ethic has to be introduced that is defined by us all, and not only by the interests of large groups. There are many overlaps between the actions of Fair Trade and those of networks advocating public awareness and community regulation of market economics. Groups from the Alliance for a Responsible and United World working on these questions could be included in this reflection.
- **Promote alternatives to consumerism.** Participants also drew attention to promote non-commercial activities. The economy mustn't take over every sphere of life.
- **We must spread the knowledge, and encourage the practice, of Fair Trade and Ethical Consumption** right to the heart of the Alliance for a responsible and united world. The Fair Trade workshop draws attention to the crossover between the goals of fair trade and other initiatives or themes represented in the Alliance for a Responsible and United World, and it seeks to collaborate with those whose concerns are similar.