

Fair Trade is a lot of things: a social justice movement, an alternative business model, a system of global commerce, a tool for international development, a faith-based activity. It means different things to different people. There is no single, regulatory, authoritative body. So, individuals need to explore various models and concepts. Fair Trade's many definitions do always center around the exchange of goods based on principles of economic and social justice.

A Useful Definition of Fair Trade

In 1998, four key international organizations, based in Europe, created a widely accepted definition of Fair Trade. Fairtrade Labeling Organization (FLO), International Fair Trade Association (now World Fair Trade Organization, WFTO), the Network of European Worldshops (NEWS!) and the European Fair Trade Association (EFTA) created a workgroup known as FINE, an acronym of their names. FINE defined Fair Trade as:

a “trading partnership, based on dialogue, transparency, and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, disadvantaged producers and workers—especially in the South” (FINE, 1998).



Fair Trade in Practice

Millions of such trading partnerships are active within a network of producers, importers, wholesalers, certifiers, labelers, retailers, and consumers who are challenging the status quo, and trying to right the injustices of international trade.

Farmers, artisans and workers in over 80 countries make scores of Fair Trade product types. The most common kinds of goods exchanged include coffee, sugar, cocoa, chocolate, bananas, tea, jewelry, clothing, and housewares. Others include cut flowers, toys, furniture, art, sports balls, wine, olive oil, rice, spices, herbs & more.

For individuals and communities of producers, participating in Fair Trade has directly led to survival, dignity, respect and improved lives. Participants often credit Fair Trade for helping them eat adequately, access health care, send kids to school, clean their water, care for orphans or disabled people, and manage sustainable businesses. Fair Trade empowers millions of low-income producers in Africa, Asia and Latin America, and promotes understanding between them and people of developed regions. The various models of Fair Trade use critical tools such as favorable financing, long-term relationships, minimum prices, community investment, capacity

building, and sustainable environmental standards to enable marginalized people to help themselves.

Identifying Fair Trade

With many different definitions, and no single, authoritative body, Fair Trade takes many forms in the U.S. and around the world. Different organizations and individuals use different criteria for determining what is, and isn't, Fair Trade.

“Every business transaction is a challenge to see that both parties come out fairly.”

– Adam Smith, 1759

The two most widely recognized ways of identifying Fair Trade are organizational recognition and product certification.

With organizational recognition, a trading organization is approved as Fair Trade. For these traders, almost every item they sell is a Fair Trade product. Not only are producers treated fairly through minimum prices and social premiums, but other practices of the trading relationship are conducted in concert with Fair Trade values and goals. For example, SERRV builds the capacity of producers to respond to market trends, to learn best practices, and awards grants to buy tools & equipment.



With product certification, an item is Fair Trade no matter who trades it. Certification centers around a minimum price which is paid to the producer for the item, and a social premium which is paid to the producing community or organization for development. The wider practices of the trading organization are not considered, even if those practices largely conflict with the values and goals of Fair Trade. For example, Wal-Mart may sell a little certified Fair Trade coffee, along with a lot of conventional coffee and thousands of other conventional goods.

Under organizational recognition, vendors must show evidence to consumers and traders that they are approved as fully committed Fair Trade organizations by a third-party approval body. Individual products sold by Fair Trade organizations may, or may not, have a Fair Trade mark or label. Many Fair Trade advocates call these organizations fully committed, mission-driven, or 100% Fair Trade.

“(Fair Trade is) a very attractive concept, across the political spectrum. People like the idea of helping people, not with handouts but with an opportunity to work hard and decently.”

– Daniel Salcedo, Founder and CEO of www.PEOPLink.org & www.OpenEntry.com

There are predominantly two third-party associations that recognize N. American Fair Trade organizations: the Fair Trade Federation (FTF) in North America and the international World Fair Trade Organization (WFTO). They have similar criteria. **The criteria for FTF are below:**

- 1 Create Opportunities for Economically & Socially Marginalized Producers:** *Fair Trade is a strategy for poverty alleviation & sustainable development.*
- 2 Develop Transparent & Accountable Relationships:** *Fair Trade involves relationships that are open, fair, consistent & respectful.*
- 3 Build Capacity:** *Fair Trade is a means to develop producers' independence.*
- 4 Promote Fair Trade:** *Fair Trade encourages an understanding by all participants of their role in world trade.*
- 5 Pay Promptly & Fairly:** *Fair Trade empowers producers to set prices within the framework of the true costs of labor time, materials, sustainable growth & related factors.*
- 6 Support Safe & Empowering Working Conditions:** *Fair Trade means a safe & healthy working environment free of forced labor.*
- 7 Ensure the Rights of Children:** *Fair Trade means that all children have the right to security, education & play.*
- 8 Cultivate Environmental Stewardship:** *Fair Trade seeks to offer current generations the ability to meet their needs without compromising the ability of future generations to meet their own needs.*
- 9 Respect Cultural Identity:** *Fair Trade celebrates the cultural diversity of communities, while seeking to create positive & equitable change.*

Other, minor bodies involved in recognizing Fair Trade Organizations may have different criteria than the major two associations. Anyone interested is encouraged to do further research.

Under product certification, every individual Fair Trade product must be labeled with a Fair Trade mark. At present there are a few such marks in the U.S. Organizations selling certified goods vary greatly in their involvement in Fair Trade, and may have, for example, 1%, 5%, 20%, 50% or 90% of their annual purchases be Fair Trade products. Many Fair Trade advocates call such organizations partially committed.



Criteria for certification vary by product type. Standards for fairly traded tea are different than those for coffee, because tea is predominantly grown on plantations rather than on small farms. Olive oil, jewelry, clothing and soccer balls also are produced under widely different circumstances, and result in significantly different criteria for Fair Trade.

There is only one major product certification system globally—Fairtrade Labeling Organizations (FLO). FLO manages a labeling initiative in each consumer country to administer the Fair Trade label, or mark, to all Fair Trade Certified products sold in that country. In the U.S., TransFair USA serves as FLO’s labeling initiative, and in Canada, TransFair Canada. Most Fair Trade Certified products are agricultural products, such as coffee, tea and herbs, cocoa and chocolate, wine, olive oil, fresh fruit, flowers, sugar, rice, and vanilla.



All agricultural items Fair Trade Certified by FLO are produced according to these Fair Trade principles:

- ⇒ **Fair prices:** Democratically organized farmer groups receive a guaranteed minimum floor price and an additional premium for certified organic products. Farmer organizations are also eligible for pre-harvest credit.
- ⇒ **Fair labor conditions:** Workers on Fair Trade farms enjoy freedom of association, safe working conditions, and living wages. Forced child labor is strictly prohibited.
- ⇒ **Direct trade:** With Fair Trade, importers purchase from Fair Trade producer groups as directly as possible, eliminating unnecessary middlemen and empowering farmers to develop the business capacity necessary to compete in the global marketplace.
- ⇒ **Democratic and transparent organizations:** Fair Trade farmers and farm workers decide democratically how to invest Fair Trade revenues.
- ⇒ **Community development:** Fair Trade farmers and farm workers invest Fair Trade premiums in social and business development projects like scholarship programs, quality improvement trainings, and organic certification.
- ⇒ **Environmental sustainability:** Harmful agrochemicals and GMOs are strictly prohibited in favor of environmentally sustainable farming methods that protect farmers' health and preserve valuable ecosystems for future generations.



There are also some smaller organizations certifying Fair Trade products. For example, the Institute for Market Ecology’s Fair for Life program certifies soaps, teas and other products. Fair Trade criteria for these certifications may differ from those of FLO. Anyone interested is encouraged to do further research.