

The Fair Trade Future

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The Fair Trade Future

Fair Trade has emerged in recent years as a powerful critique of conventional global inequalities and as a promising vehicle for alternative globalization grounded in social justice and ecological sustainability. It has simultaneously become a market generating \$1.5 billion per year, incorporating numerous commodities and thousands of producers, consumers, and distributors in the global North and South.

Fair Trade's success is rooted in its ability to combine visionary goals with practical engagements in fair and sustainable trade within and beyond the agro-food sector. Yet its dramatic growth has fueled a number of challenges that threaten its future promise unless its vision and practice can be realigned.

In *Fair Trade: The Challenges of Transforming Globalization*, we analyze the inherent tensions of working both in, and against, the market. Is Fair Trade reshaping unequal market relations, or has its transformative agenda been eroded by the market forces it set out to change? To address this question, we investigate the impacts of Fair Trade's market success on its movement commitments around the world. As the case studies in our book demonstrate, four arenas of contestation are shaping the movement's challenges and prospects.

Market Mainstreaming

Fair Trade has moved from the domain of small, mission-driven alternative trade organizations (ATOs) that pursue development goals into the domain of large, transnational corporations that pursue market share. Mainstreaming is made possible by the [Fairtrade Labeling Organizations International](#) (FLO) certification system and by national initiatives that promote widespread sales of certified products. This move into dominant distribution channels involves a host of large operators whose commitment to Fair Trade is open to question.

Firms that pursue a "clean washing" strategy to make their business practices seem more ethical are threatening Fair Trade principles. The case studies in our book (focusing on the role of corporate branders and retailers in American and British markets) illustrate how the certification of products controlled by large corporations may strain FLO's regulatory capacity, the integrity of standards, and the credulity of consumers. Yet they also reveal the continued importance of mission-driven ATOs and new mission-oriented firms in maintaining original movement principles.

Fair Trade products, practices, and enterprises are under constant pressure to conform to dominant market rules. Commitment to Fair Trade clearly varies and it

would be naïve to assume that corporate distributors will prioritize ethics over profits. Dedicated enterprises should receive additional support and distributor standards should be strengthened, given the power of dominant corporations to dictate supply conditions.

Plantation Production

The range of commodities, production arrangements, and enterprises involved in Fair Trade is expanding rapidly. Most notably, Fair Trade now involves a growing number of large plantation enterprises. While some argue that this expansion demonstrates the ability to transform wage labor as well as small-farmer enterprises, others assert that it fuels the integration of fundamentally unjust operations into Fair Trade networks, reinforcing North-South inequalities.

Stringent market requirements undermine the position of less-commercial farmers and cooperatives in Latin American coffee, orange juice, and quinoa production. Small-scale producers in these sectors face rising competition from more-capitalized enterprises better able to meet strict quality and quantity demands. Given the centrality to Fair Trade of direct producer-consumer links, maintaining the small-farmer base is critical for communicating the Fair Trade concept, as well as for protecting producers.

Fair Trade's fastest growth is now in large-scale enterprises, in sectors like South African horticulture and Latin American bananas. The FLO requirements for hired labor in these sectors parallel those for small farmers—with price guarantees, support for worker organizations, social premiums—and apply International Labor Organization standards. Such requirements improve labor conditions, but does Fair Trade in a plantation context go beyond other union, corporate social responsibility, and ethical trade measures? To what extent do hired laborers benefit from the price guarantees and long-term trade relations that make Fair Trade unique?

Fair Trade can be an effective strategy for supporting disadvantaged workers, but to go beyond other labor initiatives it must promote worker ownership, so that trade can be used as a vehicle for empowerment.

Network Governance

Fair Trade's internal governance challenges have increased with its growth and integration of diverse stakeholders. New Northern ATO alliances and Southern producer groups criticize the FLO certification system for under-representing producers and for advancing commercial interests over development. While recent FLO reforms have not stemmed criticism, new Fair Trade actors are moderating historical North-South divisions.

Mexican coffee farmers have spearheaded changes in FLO's Northern-led governance structure and enhanced Southern representation. Yet FLO policies and procedures—including fee structures, price levels, and top-down certification systems—remain contested. Our research finds support for concerns that Northern market priorities are guiding Fair Trade's growth, but reveals ways in which Southern interests and movement concerns are being reasserted.

In South Africa, for example, commercial interests have spurred the rise of new exports, yet local stakeholders have been able to link certification to development needs. In Brazil, movement groups are promoting the development of a domestic Fair Trade market as well as regional exports, counterbalancing the traditional South-to-North export model. Although local priorities often shape practices, we see the rise of a new Southern Fair Trade agenda—an agenda that reinforces the historical commitment to democratic governance, empowerment, and development.

Movement Location

The future of Fair Trade is being shaped by its engagement with larger social movements and by its location within the shifting boundaries of state, economy, and civil society. Fair Trade has traditionally been defined by the competing visions of the more market-oriented and ascendant FLO certification system and the more movement-oriented and less dynamic ATO sector. Yet these two wings are creating common ground via joint advocacy and increased engagement with broader trade equity and sustainability movements.



In the global North, these efforts bolster Fair Trade's political agenda and the conscientious consumerism that underpins sales. In the global South, Fair Trade is positioned at the nexus of agrarian reform, food sovereignty, cooperative, and solidarity economy movements. It is being drawn into central policy arenas and is tied directly to government programs in countries like Brazil and South Africa.

Fair Trade has emerged as a key focal point of alternative globalization due to its conceptual and practical appeal. It captures the complex local/global and social/ecological concerns of the movement, and provides a guide for translating trade justice ideas into practice.

Realigning Vision and Practice

A new wave of Fair Trade is starting to swell. Tensions persist between the movement's traditional goals of transforming conventional trade and its market goals of promoting more egalitarian commodity chains. Yet, the recent focus on expanding Fair Trade markets may be reaching its limits. The next wave rejects the notion that market growth should be seen as an unqualified sign of success.

Producers, consumers, and alternative trade organizations around the world are reasserting Fair Trade's development priorities. And FLO and its national initiatives have started to rekindle political commitments and build alliances. As our book concludes, Fair Trade is realigning its vision and practice to continue the task of transforming globalization.

Laura Reynolds and Douglas Murray are coeditors, with John Wilkinson, of [Fair Trade: The Challenges of Transforming Globalization](#) (Routledge, 2007). Reynolds and Murray codirect the [Center for Fair & Alternative Trade Studies](#) at Colorado State University.



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