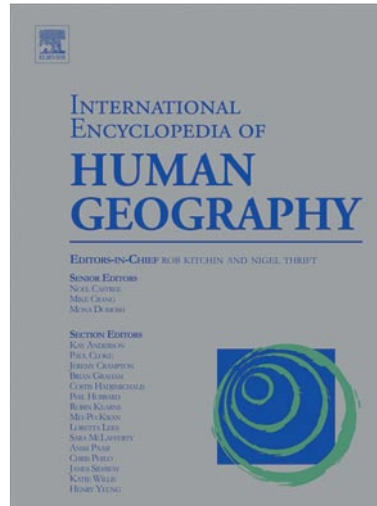


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Fair Trade

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Glossary

Agri-Food System The overarching arena encompassing agricultural production and subsequent activities all the way to food consumption; sometimes called the agri-food system.

Alternative Trade Organization A group that purchases items from disadvantaged producers at favorable prices, transports them, and sells them directly to consumers.

Certification Process by which items are assessed for compliance with previously established standards and where compliance is formally acknowledged often through a label or seal.

Global North/South A set of terms distinguishing between a highly industrialized wealthy region and a less industrialized poorer region of the world, which roughly aligns along a North–South axis.

Global Commodity Chain The interlocking production, processing, and distribution activities inherent in moving an internationally traded product from the point of conception to that of consumption; sometimes called a global value chain.

Introduction

Fair trade as a concept refers to a critique of the historical inequalities inherent in international trade and to a belief that trade can be made more socially just. In the current era, fair trade refers to a set of initiatives that challenge global inequalities and create more egalitarian commodity networks linking marginalized producers in the global South with progressive consumers in the global North. Fair trade seeks to alleviate poverty and empower producers in the global South through the provision of better prices, stable market links, and other material and informational resources. Fair trade also seeks to bolster responsible consumption practices among Northern consumers by encouraging the purchase of items that are produced and traded under more equitable conditions. At the broadest level, fair trade seeks to eliminate North–South trade inequalities.

In creating alternative commodity networks fair trade joins a growing array of market-based initiatives that promote social and environmental concerns through the sale of alternative often certified, commodities. Trade in certified fair trade products is relatively modest in

relation to the global market, with sales worth somewhat over \$1 billion. But sales are expanding rapidly as fair trade extends into new commodities, new production regions, and new markets. In its advocacy to make global trade more equitable, fair trade forms part of the growing alternative globalization/trade justice movement. In fact fair trade has emerged as one of the key rallying points and constructive engagements within this broad movement.

Since fair trade addresses issues of inequality in exchanges between distant peoples and places, it is of central interest within geography as well as related social science disciplines. Fair trade lies at the intersection of economic, political, and social geographies and has been fruitfully explored from all these angles. Because fair trade markets and movements are centered in the agro-food sector, scholarship within this domain has proved particularly insightful. In analyzing the importance of fair trade, this article focuses on: (1) fair trade initiatives, ideas, and institutions; (2) fair trade distribution and consumption; and (3) fair trade production and exports.

Fair Trade Initiatives, Ideas, and Institutions

The modern fair trade movement grows out of variety of post-World War II (WWII) initiatives, which have sought to challenge the inequalities of international trade and assist disadvantaged populations through a strategy of ‘trade not aid’. Initial efforts by church and development groups focused on assisting impoverished peoples by providing preferential markets for their handicrafts. Alternative trade organizations (ATOs) were established, which purchased items at favorable prices, shipped them, and sold them to dedicated consumers. These efforts blossomed with growing Third World solidarity movements in the 1960s and 1970s, evidenced particularly in Europe with the proliferation of ‘World Shops’. ATO initiatives were informed by popular theoretical views of the time regarding the role of unequal trade in maintaining Third World dependency. Within this context, ATOs created direct trade channels eliminating exploitative international merchants and increasing the returns to producers.

A distinct new strand of fair trade was established in the late 1980s with the introduction of product certification and labeling. Fair trade groups initiated this strategy to move beyond the craft sector and solidarity shops to sell major food exports like coffee in conventional

supermarkets. The move into the certification and labeling of food items was fueled by the recognition of the continued centrality of agro-export production for poor people and regions of the global South and the rise of specialty markets in the global North for products differentiated based on their social or ecological standards. Fair trade certification has been highly successful in expanding market and production arenas.

By 2004, fair trade labeling initiatives operated in 20 countries across Europe, North America, and the Pacific coordinated via the umbrella organization, the Fair Trade Labeling Organizations International (FLO). Eighteen commodities were sold with FLO labels, produced by 433 groups across Latin America, Africa, and Asia. FLO certification guidelines are based on a set of core requirements for producers and buyers. Fair trade producers must be organized into democratic groups of small growers or estate workers who uphold high social standards and more modest environmental standards. Fair trade buyers must guarantee payment of FLO minimum prices, pay a social premium, offer producer credit and long-term contracts, and trade as directly as possible with producers. While fair trade certification resembles other labeling initiatives regulating ecological conditions in food or timber or labor conditions in garments or textiles, fair trade is the only such initiative that goes beyond establishing production standards to address trade conditions. Though the ATO and labeling strands of fair trade are distinct, an informal alliance (FINE) promotes their common interests and has forged a joint definition of fair trade.

“Fair trade is a trading partnership, based on dialog, 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, marginalized producers and workers – especially in the South. Fair trade organizations (backed by consumers) are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules, and practice of conventional international trade.”

As this statement suggests fair trade operates both ‘in and against the market’, working through market channels to create new commodity networks for items produced under more favorable social and ecological conditions and simultaneously working against the conventional market forces that create and uphold global inequalities.

Research on fair trade’s operation within the market focuses largely on the alternative international networks created and maintained by these initiatives. Fair trade establishes a new spatial ordering of international economic relations. From a political economy perspective, global commodity chain analysis provides a very insightful avenue for analyzing the institutional and spatial configurations, power relations, and patterns of resource distribution within fair trade networks. This approach

reveals the internal architecture of the relations linking fair trade producers and consumers. From a sociocultural perspective, fair trade networks are understood in more relational and fluid terms, emphasizing the ways in which diverse actors negotiate the movement of commodities and associated material and nonmaterial resources across space. Fair trade can thus be seen as a dense network of connectivity co-created by locally situated, but globally connected, people, places, ideas, and things. Together political economy and sociocultural analyses of fair trade illuminate an alternative global geography, which is strikingly different from the conventional corporate-driven global topography.

Network analyses highlight the degree to which fair trade resembles other alternative, often local, agro-food networks, which promote alternative values, practices, and institutions to ‘shorten the distance’ between producers and consumers. These alternative food networks hinge on personal relations of trust and dense information flows which humanize economic transactions. Rather than being abstracted from their roots, commodities are embedded with information regarding producers’ ideas and practices and the places/spaces of production. While ATOs are able to bolster fair trade relations directly via face-to-face interactions with producers and consumers, within certified fair trade networks transactions are mediated by increasingly formalized rules, standards, and product labeling procedures which may threaten these alternative relations.

Research on fair trade’s operation against the market focuses on the location of these initiatives within the broader alternative globalization/trade justice movement. In recent years, a number of collective efforts have emerged that coalesce around a critique of corporate globalization and a set of engagements to forge an alternative globalization based on embedded, territorially specific, social and ecological rights and values. From a social movement perspective, fair trade should be analyzed within this broader terrain. Fair trade has clear institutional and ideological ties with related efforts like antisweatshop and social movement union initiatives in manufacturing, and agro-ecology, food sovereignty, and land reform initiatives in agriculture. What is striking about the new movement cartography is the importance of nongovernmental organizations in local, national, and transnational arenas. Nongovernmental organizations associated with fair trade and related initiatives have become a powerful force pressuring corporations to improve their practices and creating noncorporate alternatives.

Fair Trade Distribution and Consumption

The total world market for fair trade products, including ATO and labeled sales, was valued at roughly US\$1.2

billion in 2004. Though this represents a minor fraction of global trade, this market is growing at roughly 30% per year due to mounting consumer interest and the expansion of fair trade circuits. The fair trade boom is part of a worldwide increase in conscientious and green consumption. There has been a dramatic rise in purchases of ethical and eco-friendly products across major markets in the global North. A growing body of research demonstrates the importance of consumption as a space for individual and collective identity creation and of political action. A political economy of consumption is particularly important in researching national and international food supply chains. This approach challenges the historically productionist focus in geography as well as other related social science fields.

The political nature of consumption ideas and practices is particularly evident in agro-food arenas where ecological and food safety threats have undermined trust in the quality and safety of conventional agro-industrial production and products. Consumption of organic, local, fair trade, and other specialized food items is growing rapidly. As in fair trade, many of these new food products are certified to guarantee their special quality attributes and labeled to bring these attributes to consumers' attention since typically they are not visible in the product itself. While some certification and labeling efforts represent nothing more than a corporate face lift promoted by branders and retailers, others are overseen by committed nongovernmental organizations and involve a fundamental refashioning of the conventions upon which commodity networks are based. Rising consumer unease about the social and environmental conditions embedded in their purchases has fueled the market for third-party

certified products, particularly for those sourced internationally where distance heightens consumer concerns over production impacts and over potentially unfounded corporate ethical and ecological claims.

Food commodities certified as fair trade under the FLO system account for the vast majority of the recent rapid growth in fair trade sales. As noted in [Table 1](#), the fair trade certified market was worth over US\$1 billion in 2004. Though ATO sales continue to be important largely in nonfood items and are even growing in some regions, analysis focuses on certified fair trade distribution and consumption patterns given this sector's much larger size and greater data availability. Europe has the most well-developed and largest fair trade market, led by the United Kingdom and Switzerland. A range of fair trade products are readily available in government offices, universities, supermarkets, and specialty outlets. While fair trade markets are growing only modestly in some European countries, in countries like the United Kingdom sales continue to rise rapidly. North American fair trade markets are much less well developed than those in Europe. Certified products were introduced more recently, in the late 1990s, and there are still fewer fair trade products available and fewer venues which carry these items. Yet, the United States has emerged as the largest national fair trade market. The United States fair trade sales were valued at close to US\$300 million in 2004, with earnings doubling each year. Fair trade labeling organizations are just beginning to get established in Pacific markets, in Japan, Australia, and New Zealand.

Coffee, the first labeled commodity, forms the core of the fair trade system. Fair trade certified coffee accounts

Table 1 Fair trade certified sales by region and commodity (2003/04)

	Volume (metric tons)				Total ^a	Total ^a Value (US\$ 1000)
	Coffee	Tea	Cocoa	Bananas		
<i>Europe</i>						
UK	2889	1090	903	18 177	24 212	256 000
Switzerland	1550	36	275	19 002	23 336	169 000
Netherlands	3096	60	147	2610	5998	43 000
Germany	2865	156	343	116	4217	72 000
France	2368	52	227	829	4059	87 000
Italy	230	10	346	2038	3330	31 000
<i>North America</i>						
US	3574	52	92	–	3718	267 000
Canada	648	6	54	–	738	22 000
<i>Pacific</i>						
Japan	22	8	–	–	30	3000
Total^b	19 895	1990	3473	51 336	83 297	1 033 000

^aIncludes sales of all fair trade labeled commodities, not just the listed core commodities.

^bIncludes countries not listed on the chart.

Source: Compiled by the author from FLO data.

for roughly a quarter of all earnings and is by far the most widely available product. Rising consumption of fair trade coffee is linked to the growing differentiation of products, including the growth of gourmet and organic certified varieties, and the differentiation of consumption experiences, including the ubiquitous café chains that define the upscale urban marketplace. The United States has by far the largest and most dynamic fair trade coffee market. The Netherlands, United Kingdom, Germany, and France also have substantial markets for fair trade certified coffee.

Cocoa and tea are also well-established core fair trade certified commodities. Fair trade cocoa has the larger market with sales concentrated in Europe, particularly the United Kingdom. Fair trade cocoa is not yet widely available in North America, though the market is growing rapidly in the United States. Fair trade tea sales are more modest and are growing relatively slowly except in the United Kingdom, which dominates the market. Though markets are quite small, FLO certification has also long been available for sugar.

Bananas are now the second most valuable fair trade product, despite the fact that certification was introduced much more recently than in other major commodities and was not initiated until 2004 in the United States. Switzerland and the United Kingdom have the largest fair trade banana markets, and this product is widely available in major supermarket chains in these countries. The growth potential for fair trade in this popular fruit is enormous, though the distribution of highly perishable bananas is complex. Bananas represent the entry of fair trade certification and labeling into the fresh produce sector, and success in this area has spawned the launch of a number of additional FLO labeled fresh fruits like citrus, grapes, and mangoes.

Fair Trade Production and Exports

Fair trade production and exports have grown dramatically across the global South. Bourgeoning demand in major markets has spurred the growth and diversification of fair trade exports. This growth has been fueled also by neo-liberal policies around the world, which have increased the competition in conventional markets and necessitated a search for nontraditional niche markets. Within this context, producers across the global South have sought out avenues for differentiating their products according to social or ecological attributes and where possible gaining access to circuits that can provide some semblance of security within volatile global markets. Certified fair trade agro-food production and exports have grown within this context, alongside organic food, certified timber, and related sectors. While the vast majority of fair trade certified items are shipped from the global South to major markets in the global North, there are nascent national markets developing in Mexico, Brazil, South Africa, and other countries, which can provide market openings for domestic and regional producers.

There are roughly 544 certified fair trade producer organizations, representing hundreds of thousands of small-scale growers and farm workers, in 53 countries across Latin America, Africa, and Asia. [Table 2](#) outlines fair trade's production geography. Latin America represents the clear hub of certified fair trade production with by far the largest number of certified groups and export volumes. This is perhaps not surprising since fair trade certification was developed in this region, with the initial certification of fair trade coffee from Mexico. Latin America has 187 FLO certified coffee farmer groups, which together supply 83% of all global fair trade coffee

Table 2 Fair trade certified production by region and commodity (2004/05)

	<i>Coffee</i>	<i>Banana</i>	<i>Cocoa</i>	<i>Tea</i>	<i>Other^a</i>	<i>Total</i>
<i>Latin America</i>						
Certified producer groups	187	19	15	1	82	314
Production volume (metric tons) ^b	24 900	64 700	1900	0	11 200	102 700
<i>Africa</i>						
Certified producer groups	33	1	4	17	97	152
Production volume (metric tons) ^b	4400	1300	2100	1600	21 200	30 600
<i>Asia</i>						
Certified producer groups	8	0	0	48	22	78
Production volume (metric tons) ^b	800	0	0	800	700	2300
<i>Total</i>						
Certified producer groups	228	20	19	66	211	544
Production volume (metric tons) ^b	30 100	66 000	4000	2400	33 100	135 300

^a Includes sugar, honey, other fruits and juices, rice, wine, nuts, flowers, spices, and sport balls.

^b Since some items are not measured in tons, the other and total columns are suggestive only.

Source: Compiled by the author from FLO data.

supplies. Mexico remains the region's and the world's largest fair trade coffee producer. Latin America is also the dominant producer of fair trade certified bananas, accounting for 98% of world supplies. There are 19 FLO certified banana groups representing both small-scale farmers and workers on plantation enterprises. Latin America is also a major supplier of fair trade certified cocoa. A growing number of groups in the region are becoming involved in the production of new fair trade commodities like mangoes, orange juice, and quinoa.

Africa is the second most important supplier of fair trade products with 152 FLO affiliated groups. This region is the largest source of fair trade certified cocoa and tea and an important producer of coffee, with Ghana and Tanzania leading the production. Yet the importance of Africa in fair trade circuits in the future looks not to be in these core commodities but in the production of newly certified product areas. South Africa has recently emerged as the region's fair trade leader with 52 FLO registered groups and is now the world's largest exporter of certified fresh and processed fruits, juices, and wine. Though fair trade producers in Africa are engaged in small and large enterprises, almost all of the recent growth is within the plantation sector.

For small-scale producers, the most direct benefits from fair trade come from the higher guaranteed prices. The importance of these price guarantees is clearest in the case of coffee where the FLO minimum price has far exceeded the world market price for most of the past 15 years. This price floor has meant the difference between survival and bankruptcy for many small-scale coffee growers. In addition to protecting producers from world price slumps, fair trade provides a social premium to be invested in community projects. The fair trade premium supports critical education, health, food self-sufficiency, transportation, and farm improvement projects. For larger enterprises, the FLO price floor provides economic security. But the social premium is much more important for workers, since this is what provides the funding for purchasing ownership shares and supporting educational, health, and housing projects. Research suggests that for both producers and workers, the most important benefits of fair trade engagement appear in the long run to come from the multifaceted informal and formal support provided for organizational capacity building.

Though the potential benefits of fair trade for producers and workers in the global South are substantial, the increased geographic spread, product diversification, and enterprise variation within certified networks makes realizing those benefits increasingly difficult. The spread of certified fair trade production across dozens of countries requires adjusting this model to varied local political economic circumstances. Local farmer and worker organizations vary tremendously as does fair trade's fit within local social movements. There are important

synergies between fair trade and various social justice and ecological initiatives around the world. But there are also critical tensions across the global South over fair trade's continued emphasis on export production for Northern markets, instead of local food self-sufficiency goals.

Conclusions

At heart, the fair trade concept refers to a critique of the historical inequalities inherent in international trade and to a belief that trade can be made more socially just. This article has focused in large part on outlining the parameters of the recent challenges raised against neo-liberal globalization and the types of alternative material and ideological networks created by fair trade. The true significance of fair trade lies not in its albeit impressive markets, but in the extent to which this movement destabilizes conventional market principles. Conventional capitalist markets are guided by prices that understate the full ecological and social costs of production, and thus encourage the degradation of environmental and human resources, particularly in the global South. The fair trade movement makes visible the ecological and social relations embedded within a commodity and asks that consumers shoulder the true costs of production. Fair trade shortens the distance between Southern producers and Northern consumers through dense information as well as resource flows. By demystifying global trade and creating more equitable relations of exchange, the fair trade movement goes further than other social or ecological certification initiatives in challenging conventional market practices. Fair trade is without a doubt a critical component of the current and future cartography of alternative globalization.

See also: Dependency; Development I; Development II; Food Networks, Alternative; Gender and Rurality; Neoliberalism and Development; Nongovernmental Organizations; Regional Production Networks; Social Justice, Urban; Social Movements.

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