Fairtrade labour certification: the contested incorporation of plantations and workers

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Fairtrade labour certification: the contested incorporation of plantations and workers

Laura T. Raynolds
Department of Sociology, Center for Fair & Alternative Trade, Colorado State University, Colorado, USA

ABSTRACT
Fair trade seeks to promote the well-being and empowerment of farmers and workers in the Global South. This article traces the contested growth and configuration of Fairtrade International labour certification, providing a multifaceted and dynamic view of private regulation. I explain why Fairtrade International began certifying large enterprises and how its hired labour strategy has developed over time, illuminating fair trade’s move from peasant to plantation sectors, stakeholder involvement in shaping the growth of Fairtrade labour certification, the internal and external balancing of farmer and worker concerns, and major innovations in Fairtrade’s ‘New Workers Rights Strategy’. My findings challenge the claim that recent market mainstreaming explains the rise of labour certification within fair trade and the more general argument that private regulatory programmes founded to foster empowerment evolve over time to prioritise a logic of control. As I document, Fairtrade International has recently moved to bolster producer power within its organisation and labour rights within its certification programme. My analysis reveals the dynamic nature of private regulatory programmes and the potentially influential role of diverse stakeholders in shaping the priorities of Fairtrade and other labour-standards systems.

Introduction
Voluntary certification programmes aimed at regulating social and environmental conditions in global production have grown rapidly in recent years. Most private regulatory systems are directed by non-governmental organisations (NGOs) but engage multiple stakeholders since they depend for their success on business participation, social movement promotion and consumer support. A number of multi-stakeholder initiatives seek to halt the ‘race to the bottom’ in labour conditions in manufacturing and environmental conditions in natural resource sectors. Fair trade has spearheaded the use of voluntary regulations in international agro-food networks, working to foster equity and empowerment for disadvantaged producers in the Global South. Fairtrade International coordinates the global regulatory system, operationalising fairness principles and overseeing certification. Originating in the small-holder coffee sector, Fairtrade certification now covers 20 agricultural, agro-industrial and...
industrial commodities, many produced by hired workers.\textsuperscript{1} Fairtrade International annual labelled sales are worth US$8 billion and are expanding rapidly, with hired labour enterprises in Latin America, Africa and Asia accounting for much of this growth.\textsuperscript{2}

Despite the substantial rise in Fairtrade certification of items produced by hired labour, the vast majority of research focuses on Fairtrade International’s small farmer programme. An extensive literature analyses the history and characteristics of Fairtrade smallholder certification and its implications particularly in coffee.\textsuperscript{3} Although a growing number of studies examine Fairtrade certification of hired labour enterprises in select countries and commodities,\textsuperscript{4} there has to date been little systematic investigation of the emergence, nature and development of Fairtrade International’s labour certification system. This study helps fill this gap by considering two interrelated questions: (1) Why does Fairtrade take on the challenge of certifying large enterprises? and (2) How has Fairtrade International’s labour certification strategy developed over time?

To answer these questions this article provides an organisational case study of Fairtrade International’s labour certification programme, tracing key debates and developments from the organisation’s founding in 1997 to the formulation of its 2014 labour standards. My conceptual framework draws on an organisational logics approach to private regulation,\textsuperscript{5} integrating a more dynamic view of the numerous stakeholders and interests which shape and reshape certification programmes and their evaluative criteria.\textsuperscript{6} The next section elaborates this framework and locates my analysis in the multi-stakeholder certification and fair trade literatures. My subsequent empirical analysis is informed by my long-term research engagement with Fairtrade affiliates and stakeholders which has allowed me to follow key labour debates. To corroborate my interpretations and highlight organisational (rather than individual) positions, this article maps major developments using documentary evidence. I draw particularly on publicly released documents which are seen as reflecting and reinforcing the outcomes of internal negotiations.\textsuperscript{7} The empirical third and fourth sections document: fair trade’s move from peasant to plantation sectors; stakeholder involvement in shaping the growth of Fairtrade labour certification; the internal and external balancing of farmer and worker concerns; and major innovations in Fairtrade’s ‘New Workers Rights Strategy’. A concluding section reconsider the study’s key findings and broader implications.

This article contributes to debates regarding the development of fair trade and its hired labour certification as well as the nature and trajectory of private regulations more generally. Countering the common claim that the certification of large enterprises within fair trade represents a recent response to the pressures of market mainstreaming,\textsuperscript{8} I show how labour certification emerged in the early 1990s through the same negotiation between movement and market priorities that forged Fairtrade International and its smallholder certification. As I demonstrate, these divergent priorities have been advanced repeatedly over the years by key stakeholders, shaping Fairtrade’s periodically revised labour policies and explaining the resignation of Fair Trade USA from Fairtrade International. While my findings provide partial support for the institutionalist view that private regulations like Fairtrade, which are founded to promote empowerment, come over time to prioritise elements of control,\textsuperscript{9} this study reveals the importance of adopting a more contentious view of market institutions and more nuanced understanding of certification’s normative foundations. I argue that it is by recognising the contested nature of certification systems and influential role of internal and external stakeholders that we can best understand fair trade’s trajectory, Fairtrade International’s new labour strategy, and other private regulatory systems.
Multi-stakeholder initiatives and Fairtrade certification

A substantial literature analyses the rise and organisational features of multi-stakeholder initiatives which seek to improve social and environmental conditions in global production through the use of voluntary regulations. Drawing on the institutionalist tradition, one strand of this literature emphasises the market coordinating functions of these organisations, explaining the regulatory void fuelling their emergence, market incentives motivating firm participation, and operation of certification systems. Another strand of research draws on the social movement tradition to reveal the political contestations that shape new regulatory institutions, outlining the central role of social justice and environmental groups in framing regulatory problems, forging new governance institutions, pressuring firms to participate, and fostering consumer support. Synthesising these approaches, Bartley argues that ‘both problem solving in markets and political contention’ are what account for the emergence of multi-stakeholder certification systems. This ‘contentious view of markets’ helps explain not only the rise of multi-stakeholder programmes but also their continuous transformation since political contestations between stakeholders are likely to repeatedly challenge regulatory assumptions and practices.

Auld, Renckens and Cashore argue that voluntary regulatory programmes prioritise opposing organisational logics, either a ‘logic of empowerment’, which focuses on ‘remedying the exclusion of marginalized actors in the global economy’, or a ‘logic of control’, which emphasises ‘ameliorating environmental and social externalities by establishing strict and enforceable rules’. They propose that these ‘competing problem-oriented logics affect the evolving rules and practices of private governance’ and that programmes founded on the logic of empowerment come over time to accommodate the logic of control. The authors’ evolutionary model of the transformation in organisational logic from empowerment to control is derived from the experiences of fair trade and organic certification systems. Following the institutionalist tradition, Auld, Renckens and Cashore focus on identifying divergent logics and path-dependent organisational trajectories, leaving it to others ‘to explore the mechanisms by which programs’ are pressured to accommodate competing logics.

A contentious view of markets approach helps identify the mechanisms fuelling organisational change, arguing that ‘contentiousness provides the energy for this reassembling of market resources’ and fosters ‘alternative models and templates for organizing’. Research which adopts a contentious view of alternative agricultural sectors and certifications demonstrates the importance of contestations between stakeholders and interests in shaping institutional innovations. In organic agriculture, the move from a logic of empowerment to control is often characterised as a process of ‘conventionalisation’ resulting from organic’s mainstream market growth, codification of standards, and regulation through certification oversight. Yet Haedicke argues convincingly for a more nuanced and contentious view of organics. As he shows, on-going contestations between ‘market transformation’ and ‘market expansion’ logics in various domains of US organic agriculture have shaped innovative cultural and organisational compromises which open up new opportunities and complicate a linear view of sectoral transformation. I develop a parallel argument in the case of fair trade. As I demonstrate, fair trade’s general development aligns in many ways with a move from empowerment to control, yet this does not help explain why Fairtrade International takes on the challenge of certifying large enterprise or how its certification strategy has developed.
over time. To answer these questions, I argue one must examine more closely the normative commitments and actions pursued by divergent stakeholders and the compromises as well as contestations which may foster non-linear organisational shifts.

Convention theory provides an insightful avenue for deepening an institutional logics approach by focusing greater attention on the normative foundations of economic activity and the opportunities for compromise between qualification systems. From this perspective, institutions reflect crystallised forms of social power and should be conceptualised as arenas of action and contestation rather than as pre-existing coordinating structures. Boltanski and Thévenot demonstrate how economic expectations are normalised, as well as institutionalised, through systems of qualification which reveal and promote divergent ‘orders of worth’. They distinguish between ‘market’ conventions based on price competition, ‘industrial’ conventions based on standardisation, ‘relational’ conventions based on personal trust and place attachment, and ‘civic’ conventions based on social and ecological welfare commitments. As Thévenot shows, the dominant form of contemporary economic organisation combines market and industrial conventions, fostering what Auld and colleagues call an institutional logic of control, yet other ‘compromises’ are also common. Studies pursuing this approach demonstrate how market conventions are combined with relational expectations, as for example in local foods, or civic values as in organic and fair trade products.

An extensive body of research analyses the Fairtrade certification system, focusing predominantly on the nature of smallholder certification and its implications particularly in the coffee sector. A number of these studies document how the growth of Fairtrade markets and associated expansion in Fairtrade International’s certification system have over the years challenged the movement’s original social justice norms and practices. Fairtrade markets have grown largely through the uptake of certified products by major brand corporations and sale of labelled products by large-scale conventional supermarkets, fuelling a process of market ‘mainstreaming’. As Auld, Renckens, and Cashore suggest, this market mainstreaming is associated with a shift in Fairtrade’s institutional priorities from a logic of empowerment to one of control. Scholars document the increasing bureaucratisation and rationalisation of Fairtrade’s small farmer certification, the shift from relations grounded in civic norms of ‘partnership’ to relations grounded in industrial norms of ‘traceability’, and the increasing power of technical auditing procedures in Fairtrade certification. Yet these same studies point to the variegated and contested nature of Fairtrade norms, practices and institutions. As Renard and Loconto demonstrate, competing institutional logics are advanced by different stakeholders in different facets of the Fairtrade system, with certification expectations and instruments emerging not through a process of evolution, but through the actions of those who participate in their creation. This contentious, multifaceted and non-deterministic understanding of private regulation helps explain the resilience of civic and relational conventions and logics of empowerment in Fairtrade. For example, while research on the integrity of Fairtrade standards raises concerns about eroding producer prices, undercutting of mission-driven pioneers, and ‘fairwashing’ through token corporate sales, activism recently raised guaranteed coffee prices, mission-driven firms persist, and some corporations have increased their Fairtrade commitments. While Jaffee argues that plantation certification represents a major new advance in Fairtrade mainstreaming and ‘corporate co-optation’, as my research demonstrates, he discounts labour certification’s early emergence and rising civil society engagement in shaping Fairtrade International’s labour policies.
A growing literature focuses directly on Fairtrade in hired labour enterprises in African horticultural production,36 Asian tea plantations,37 and Latin American banana and flower enterprises.38 Although this study’s goal is to investigate the emergence, nature and development of Fairtrade International’s hired labour certification system, rather than its implementation or impacts in particular regions or commodities, I link my arguments to the secondary literature where possible to suggest how organisational priorities may be manifested in concrete situations. Existing research on Fairtrade in large enterprises is far less extensive than work on Fairtrade small farm certification, yet it corroborates some of the general challenges of market mainstreaming, which are often accentuated due to the perishability of many plantation products, predominance of transnational corporate producers, and complexity of buyer-controlled supply chains. A central contribution of these studies is their move beyond the peasant populist bias which undergirds most of the critical Fairtrade literature. Advancing this effort, my analysis clarifies the labour (as well as peasant) politics embedded in Fairtrade's certification system, explaining the activities and interests of labour advocacy groups, unions and workers as well as other stakeholders in shaping the development of Fairtrade International certification and its recently revised labour strategy.

Forging Fairtrade International, labour certification, and multi-stakeholder representation

Fair trade principles were developed by alternative trade organisations (ATOs) selling handicrafts in specialty shops. According to proponents, the central goals of fair trade are to foster: equitable trade partnerships ‘based on dialogue, transparency and respect’ and ‘the rights of, marginalized producers and workers – especially in the South’.39 From a convention theory perspective, these initiatives can be seen as seeking to assist disadvantaged producers by challenging prevailing industrial market conventions, based on efficiency and price competition, and promoting relational civic conventions, based on trust and social welfare.40

To advance these principles and bolster sales by Latin American small farmers, European solidarity groups in 1988 began certifying fair trade coffee. Building on the success of this labelling tactic, fair trade certification programmes emerged across Europe, North America and Japan using three logos (Max Havelaar, TransFair and Fairtrade Foundation) and varied guidelines. Several groups introduced certified smallholder cocoa, sugar and honey as well as coffee. TransFair Germany and the UK Fairtrade Foundation – which together accounted for half of certified sales in this period – and three other national programmes launched certified tea in 1994. Fair trade tea was from the start sourced from both small and large producers, as were bananas which were introduced soon thereafter. The historic extension of fair trade to include plantations, as well as farmers, was based on a dual logic: a civic rationale, that landless rural workers are as deserving of support as peasants, and a market rationale, that many crops are not produced in sufficient quantities by small farmers to satisfy demand.41

In 1997, the 14 national labelling organisations established Fairtrade Labelling Organizations International (FLO), now called Fairtrade International, as a membership group to harmonise their standards and practices.42 Whether and how to certify plantations emerged as a critical area of disagreement in this process.43 Cooperatives, agrarian populist groups and Max Havelaar affiliates argued that fair trade should be reserved for small farmers, based on a pro-peasant logic that it is small producers who are the most disadvantaged by
unequal trade and who represent the vanguard of sustainable development. Yet the majority of Fairtrade’s member labelling organisations – which were aligned with the commercially most successful programmes which already included plantations – fundamentally disagreed, drawing in their dissent on both civic arguments regarding the deservingness of landless rural workers and market arguments regarding supply needs. In the resulting compromise, Fairtrade International’s founding guidelines allowed members to maintain their established policies and included the certification of plantations in tea and bananas.

Common Fairtrade ‘Small Farmer Standards’ for producers relying primarily on household labour were developed relatively easily since members had already aligned their protocols for smallholder coffee. These standards stipulated that farmers be organised into democratic cooperatives, production follow social and environmental criteria, and Fairtrade Premiums be invested in development. Creating unified Fairtrade standards for wage labour enterprises was far more difficult since plantation guidelines were less well developed and originated separately in tea and bananas. There was agreement that large enterprises should meet the same production and Fairtrade Premium standards as small farmers, but less consensus regarding how workers should be organised. After consulting with affiliates and external stakeholders, including trade unionists who were active particularly in the banana sector, Fairtrade International established its ‘Hired Labour Standards’ on a compromise: workers had to be organised into democratic associations, but these could be either worker organisations or unions.

As Fairtrade expanded and become more institutionalised in the 2000s, debates over whether and how to integrate large enterprises emerged repeatedly. In the consolidated Fairtrade certification system, the umbrella NGO Fairtrade International’s role was to set and periodically revise standards – including labour and small farmer standards as well as product specific standards – with national initiatives focusing on promoting sales and overseeing labelling in their respective countries. As Fairtrade International worked to expand its product range, debates over which enterprises were ‘worthy’ of support arose repeatedly, since new product standards had to specify which types of producers could be certified. These negotiations incorporated input from external stakeholder consultations and from internal committees and member assemblies, with final decisions rendered by the Fairtrade Board. Fairtrade International’s initial decision to incorporate large producers and subsequent reaffirmation of this policy reflected the power and industrial and market priorities of dominant national labelling initiatives seeking to maximise labelled volumes and mainstream market sales. During the early years when hired labour standards and most commodity standards were established, Fairtrade was controlled by labelling initiatives. At the outset Fairtrade International was comprised only of national labelling organisations, directed by an Executive Board. Producer groups and their social movement allies criticised this exclusionary structure and, with the support of key European labelling organisations, pushed Fairtrade International to adopt multi-stakeholder governance. In 2001, two trader (one corporate and one ATO) and four producer group representatives joined the six labelling organisation member Executive Board for major policy decisions; in 2005, this Extended Board took over all responsibilities. Despite these changes, national labelling organisations maintained control of Fairtrade’s strategic direction via their Board President position and voting share (see Table 1). Labelling organisations’ prioritisation of mainstream market growth was institutionalised in the Fairtrade system with the support of the corporate trader representative. Fair Trade USA and the UK Fairtrade Foundation, which represented the two
### Table 1. Fairtrade International Board of Directors.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total board members</th>
<th>Board president</th>
<th>National Labelling Initiative (NLI) members</th>
<th>Producer members</th>
<th>Trader members</th>
<th>Independent members</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>USA</td>
<td>Switzerland</td>
<td>USA</td>
<td>France</td>
</tr>
<tr>
<td>2002</td>
<td>12</td>
<td>NLI</td>
<td>6</td>
<td>NLI</td>
<td>6</td>
<td>NLI</td>
</tr>
<tr>
<td>2004</td>
<td>12</td>
<td>NLI</td>
<td>6</td>
<td>Switzerland</td>
<td>6</td>
<td>France</td>
</tr>
<tr>
<td>2006</td>
<td>13</td>
<td>Independent</td>
<td>5</td>
<td>France</td>
<td>5</td>
<td>Belgium</td>
</tr>
<tr>
<td>2008</td>
<td>13</td>
<td>Independent</td>
<td>5</td>
<td>Switzerland</td>
<td>5</td>
<td>Australia/New Zealand</td>
</tr>
<tr>
<td>2010</td>
<td>14</td>
<td>Independent</td>
<td>5</td>
<td>Switzerland</td>
<td>5</td>
<td>Australia/New Zealand</td>
</tr>
<tr>
<td>2012</td>
<td>14</td>
<td>Independent</td>
<td>5</td>
<td>Switzerland</td>
<td>5</td>
<td>Australia/New Zealand</td>
</tr>
<tr>
<td>2014</td>
<td>11</td>
<td>Producer</td>
<td>4</td>
<td>Switzerland</td>
<td>4</td>
<td>Belgium</td>
</tr>
</tbody>
</table>

**Sources:** Compiled by author from Fairtrade International (FTI), Annual Reports 2004–2015.
largest certified markets and were the biggest boosters of industrial market norms, led the effort to fortify Fairtrade's industrial market practices using their long-term Board positions and corporate alliances.

A number of key decisions were made during the 2000s which strengthened industrial and market conventions and a logic of control within the Fairtrade certification system. These organisational changes were fuelled by internal pressures as well as mounting competition from a growing number of ethical and ecological programmes, particularly in coffee. Labelling organisations argued that to defend existing markets against encroachment and expand sales, Fairtrade certification needed to become more objective and professional. Fairtrade International embraced this argument, working externally with other ‘high-bar’ NGO programmes to distinguish their certifications from corporate ‘low-bar’ programmes following International Organization for Standardization (ISO) ISO-65 guidelines. Fairtrade's 2003–2008 Strategic Plan focused on increasing the credibility of its certification and strength of its consumer guarantee. To this end, Fairtrade International re-organised its certification system, increasing bureaucratic control by enhancing the technical (more easily audited) facets of its standards and spinning off an independent agency, FLO-Cert, to externally oversee compliance. Reflecting the politics behind this change, the financial burden for certification was in this process largely shifted from Fairtrade International and national labelling organisations to producers. Efforts to increase the credibility of Fairtrade certification weakened the initiative's civic and equity foundations and embedded industrial and market conventions in Fairtrade rules governing producer participation and production criteria.

While producer groups' minority position on the Fairtrade International Board during the certification system's formative years institutionalised the subordination of producer to labelling organisation interests, the distribution of producer board seats reflected and reinforced power inequalities among different producer groups. Producers' four board seats are filled by representatives of the programme's African, Asian and Latin American regional networks. As the historically largest supplier, Latin America was until very recently allocated two seats. Three Fairtrade Board seats have been reserved for producer cooperative representatives, and only one for a worker representative. Hired labourers have over the years been incorporated into the Fairtrade African and Asian Producer Networks and thus their interests have been represented by board members from these regions. But the coffee cooperatives which founded the Latin American Producer Network have adamantly opposed the inclusion of plantations and workers in Fairtrade, arguing that certification should be reserved for small farmers. Identifying itself as a 'Network of Small Fairtrade Producers', the Latin American group created a peasant farmer seal to thwart plantation competition and, until 2012, rebuffed Fairtrade International demands that it incorporate workers. The historical underrepresentation of workers and their interests is clearly reflected in the development of Fairtrade's policies and practices.

Arguing to restrict plantation participation, small producers and their allies have linked a market argument that demand is insufficient to absorb existing small farmer output with a civic/equity argument that peasants should be protected from unfair competition from large enterprises. These groups have successfully barred plantations from six commodities where large numbers of small producers can meet Fairtrade demand, including the certification's original four peasant products – coffee, cocoa, sugar and honey – and two products introduced in the early 2000s – rice and cotton. Although workers lacked the political power
to shape Fairtrade policies, labelling organisations were able to ensure that large enterprises were included in other new commodities. As in tea and bananas, arguments in favour of the certification of large as well as small producers were based on market concerns that plantations were needed to satisfy demand and civic/equity concerns that agricultural workers are amongst the world’s most disadvantaged populations and deserve equitable treatment.66

Fuelled by rising consumer demand and supermarket interest in stocking large supplies of an array of certified items, the range and volume of Fairtrade products increased dramatically in the early 2000s. There were seven labelled commodities in 1998, 12 in 2002 and 19 by 2005, as well as numerous composite products.67 Although increasing the product range was a key facet of Fairtrade International’s Strategic Plan, this expansion significantly altered the programme’s producer profile, since many new items – including fresh fruits, flowers, wine grapes and processed juices – come primarily from plantations.68 By 2003 there were as many plantation workers as small farmers producing Fairtrade certified bananas and other fruits.69 Latin American banana unions and their allies have been the most forceful in advocating for the interests of plantation workers: affirming the worthiness of hired labourers to more equitable treatment, yet questioning Fairtrade International’s ability to bring meaningful gains for workers.70

Fairtrade labelling initiatives and producer groups were sharply divided within themselves and between each other over the plantation issue. To help mediate these and other divisions, two independent ‘fair trade experts’ were added to the Fairtrade Board in 2006, thereby weakening the power of national labelling initiatives. Targeting key plantation certification concerns, the Board commissioned a study on how its labour strategy could work best in different contexts, and a Fairtrade Forum workshop on ‘How to improve impact on workers in plantations?’71 But these questions were not easily resolved. To quell disagreements, the Fairtrade International Board placed a short-term moratorium on certifying Latin American plantations and initiated a major review of its labour standards. Following consultations with internal and external stakeholders, the board lifted the plantation certification moratorium and adopted revised Hired Labour Standards in 2005 which increased workers’ training, strengthened workers’ organisations, and tightened Fairtrade Premium rules.72

**Fairtrade labour certification: external stakeholder critiques and movement divides**

Fairtrade certified production has continued to expand, with 74 countries supplying labelled products which sell for US$8 billion annually.73 Fairtrade International now certifies 20 commodities: coffee, tea, bananas, cocoa, sugar, honey, citrus, pineapples, mangoes, apples, grapes, rice, quinoa, spices and herbs, fruit juices, flowers, wine, cotton, sports balls and gold. As outlined in Table 2, farmer cooperatives continue to dominate Fairtrade, but large enterprises play a very important role in the production of key commodities. By 2014, there were 229 large enterprises certified in accordance with Fairtrade criteria employing 204,000 workers. In tea, bananas, fruits, flowers and juices, certified plantations now outnumber and far outproduce cooperatives.74 Coffee, cocoa, sugar, honey, rice and cotton are the only Fairtrade products which remain closed to large producers.

Over the past decade, Fairtrade’s increasing certification of plantations has sparked the interest, and often concern, of scholars and activists. The rising number of certified banana
plantations in Latin America has fuelled questions about Fairtrade International’s ability to offset the power of transnational corporations, the role of trade unions and the implications for labour.75 In Asia’s tea sector, concerns have focused on the persistence of patron–client relations on Fairtrade plantations and the distribution of benefits for temporary and seasonal workers.76 The proliferation of Fairtrade horticultural products sourced from African plantations has sparked questions regarding certification oversight of complex buyer-driven supply chains and the uneven benefits accruing to workers by region, commodity and employment status.77 Concerns over the strength of Fairtrade’s certification have been fuelled by the rising number of competing plantation certification programmes which appear to promise social and environmental improvements far above what they deliver.78 In the face of this scepticism, Fairtrade International has been repeatedly called to prove its positive impacts for workers.79

Debates over certification’s benefits for workers and the qualification criteria for large enterprises have been greatly amplified by Fairtrade International’s expansion in manufacturing. Fairtrade’s first industrial product, sports balls, was launched in 2002 but certification was limited to only four factories.81 There has, over the years, been substantial pressure within the Fairtrade system to expand factory certification. Fair Trade USA spearheaded this effort based on a market logic that garment certification could dramatically increase sales.82 Consultations found that one-third of NGO stakeholders ‘were highly sceptical’ of Fairtrade garment certification, questioning the adequacy of both the standard criteria and oversight procedures.83 Given stakeholder resistance, Fairtrade International slowed its textile rollout, extending the standard setting process to five years.84 But Fair Trade USA forged ahead, drafting standards, which were sharply criticised by labour activists,85 and piloting certification.86 While existing labour certification policies and the planned expansion into garments were debated internally by Fairtrade stakeholders and externally with NGOs, labour activists and union representatives, these disputes took place largely behind closed doors. That changed when questions regarding Fairtrade certification were publicised by an International Labour Rights Forum (ILRF) report documenting failure to pay minimum wages, use of child labour, and other serious labour violations in certified ball factories.87
Fairtrade International has responded to mounting public concern over certified factories and plantations by increasing its discussion of hired labour issues in forums designed to reach consumers, scholars and activists. Since Fairtrade depends on consumers’ selection of labelled products and is well known for its tagline ‘guarantees a better deal for Third World producers’, the programme is quite vulnerable to negative publicity and questions regarding the integrity of its guarantee. Fairtrade International has developed a substantial public relations-oriented website, including a ‘Latest News’ series addressing external stakeholder concerns. As shown in Table 3, Fairtrade International’s News series has significantly increased its attention to labour issues over recent years. Between 2006 and 2009, only one story went beyond identifying Fairtrade beneficiaries as ‘farmers and workers’ to focus directly on labour concerns. But this changed following the 2010 exposé on Fairtrade certified factories. Fairtrade International posted a News response to the ILRF report, promising to ‘step up its actions to support workers’ and 14% of stories that year addressed labour issues. From 2010 to 2015, 17% of News stories focused on labour concerns. About a third of this coverage addresses child labour, a high-profile topic promoted by anti-sweatshop activists which is of great consumer concern. Fairtrade News stories also tackle, in roughly equal measure, dominant labour activist and worker concerns regarding wages/worker livelihoods and labour rights/empowerment.

Fairtrade International doubled its News outreach in 2011, working to address concerns raised by Fair Trade USA’s resignation from the international system. This exodus revealed the historical divide between the US labelling initiative’s strong market norms and practices and the more civic-oriented commitments of most European labelling organisations and civil society stakeholders. Once again the central disagreement was over the certification of hired labour enterprises. Within the international Fairtrade system, small producers and their allies have successfully barred large enterprises from major commodities, while external labour advocacy stakeholders have limited expansion in manufacturing. After years of fighting to increase Fairtrade certification of large enterprises to grow the market, Fair Trade USA broke away to independently certify plantations in all agricultural commodities (especially coffee) and factories in garments and other manufacturing sectors.

Fair Trade USA’s departure has created openings for a reassertion of Fairtrade International’s civic and relational norms and practices. The resurgence of these alternative norms is evidenced in Fairtrade’s new more egalitarian governance, which makes ‘producers equal owners of the Fairtrade system’. For the first time, producers have as many board seats as national labelling initiatives, and a producer representative has been named Board President (see Table 1). Shifting power away from supermarkets and brand corporations, traders no

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<td>8 %</td>
<td>5 %</td>
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<td>5 %</td>
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<td>21</td>
<td>44</td>
<td>79</td>
<td>49</td>
<td>35</td>
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*Each year reflects a 12-month period ending 31 October.

*Double counting eliminated in this row.

longer have board representation. Fairtrade governance changes have simultaneously increased the power of workers and their allies. The Latin American Producer Network which has historically championed farmer concerns now has one board seat, while the African Network which has more effectively balanced farmer and worker interests has acquired two seats. Even more dramatic in advancing equity for workers is the inclusion of a trade union president on the Fairtrade International Board, representing the Swedish national labelling organisation.94

Fairtrade International established a Workers’ Rights Advisory Council (WRAC) in 2010 to fortify its founding principles of equity and empowerment in hired labour arenas. This group was charged with strengthening ‘knowledge and partnerships with trade unions and labour rights organizations’ and deepening the impact for workers.95 WRAC included 10 representatives from key external stakeholder groups: (1) six development and labour advocacy representatives from transnational and Southern NGOs (Cividep, Fidelity Labour Consultants, Oxfam International, Banana Link, International Labour Rights Forum and Environmental Monitoring Group); (2) three union representatives (International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers’ Association (IUF); International Textile, Garment and Leather Workers Federation (ITGLWF); and General, Municipal, Boilermakers and Allied Trade Union (GMB)); and (3) one corporate retail representative (Sainsbury’s). Many of these external stakeholders had advised Fairtrade International on its labour strategy since the 1990s: IUF has provided a critical trade union perspective, particularly in the hotly contested certification of banana plantations;96 Oxfam and ILRF have provided frequent NGO input, with the latter emerging as Fairtrade’s most visible labour critic.97 WRAC also included three internal Fairtrade members primarily representing national labelling initiatives with substantial plantation product lines.98 Although Fair Trade USA was briefly involved, its withdrawal from WRAC and other Fairtrade committees facilitated the groups’ pursuit of a strong labour rights-based approach.

The Workers’ Rights Advisory Council advanced participatory norms and practices by bringing union and labour advocacy stakeholders into the formal review of Fairtrade policies for the first time. WRAC’s initial meeting with certification staff was ‘the first time so many high level trade union and workers rights activists’ had come to Fairtrade International headquarters.99 Subsequent regional meetings examining labour certification on the ground represented some of the most extensive interactions Fairtrade staff had had with workers and union leaders in Africa, Asia and Latin America.100 WRAC and Fairtrade staff developed through this stakeholder consultation a new strategic approach to labour certification.101

In 2012 the Fairtrade International Board voted unanimously to adopt the ‘New Workers Rights Strategy’, which embodies WRAC’s labour advocacy and union priorities and reasserts Fairtrade’s commitment to civic and relational conventions.102 As the policy document states:

The vision of our new workers’ rights strategy is for workers to have the power to affect the decisions that impact their lives. We want to move beyond the traditional CRS [corporate social responsibility] paradigm of social compliance based on standard-setting and auditing. While audits are a tool, Fairtrade’s focus should be to help build the conditions whereby workers have the tools and ability to negotiate their own wages and terms of work. Our goal is to support ‘mature systems of industrial relations’ on Fairtrade farms. This is a model for employer–worker relations whereby workers and management build a relationship based on trust, respect and regular dialogue.103
Fairtrade’s strategy statement explicitly challenges mainstream industrial and market conventions and a logic of control, where employers determine work conditions and CSR is externally enforced through certification standards and auditing. The new strategy advances Fairtrade’s empowerment agenda, promoting civic and relational norms by arguing that workers should have the power to shape their own lives and work conditions and that workplaces should follow a ‘mature systems of industrial relations’ model developed by the WRAC union federation member ITGLWF.

To realise the empowerment goals articulated in the ‘New Workers Rights Strategy’, Fairtrade International revised its labour certification standards, forging a new institutional compromise between its civic and relational aspirations and its industrial certification procedures. Although workers from certified enterprises had little direct involvement in WRAC, they did participate in standard-setting negotiations, with 400 workers in 14 countries meeting with Fairtrade staff in the review process. In formulating its new criteria, Fairtrade also solicited input from certified plantation and factory managers, distributors and national labelling initiatives, as well as NGO and union stakeholders. The revised ‘Fairtrade Standard for Hired Labour’ was approved by the Board in 2013 with near unanimous support for all changes. Fairtrade’s new labour certification standards incorporate two foundational labour advocacy and union demands. First, while certification has always required paying minimum wages, Fairtrade’s new standards require payment of ‘living wages’, acknowledging that minimum wages often do not ensure a decent standard of living. And, second, while Fairtrade has always required that workers be democratically organised, its new standards require proactive support for unionisation, recognising unions as the most legitimate form of worker representation.

Conclusions

This study explains the emergence, growth and shifting parameters of labour certification within fair trade, focusing specifically on why Fairtrade International began certifying large enterprises and how its labour certification policies have developed over time. My findings contribute to major debates regarding the place of hired labour enterprises within fair trade and the institutional trajectory of private regulatory systems more generally. I demonstrate the importance of moving beyond an evolutionary institutionalist view of certification programmes, to focus on the normative foundations and political contestations underlying the creation of market institutions. Convention theory helps reveal stakeholders’ varied normative commitments and how, through political contestation and compromise, these values shape and reshape institutional practices. Incorporating this lens, my analysis shows how internal and external stakeholders work to advance their commitments, shape certification practices and define programme trajectories. My research finds fundamental clashes over programme norms, evidenced most clearly in conflicts over whether workers are ‘worthy’ of fair trade participation, as well as innovative compromises between competing conventions, evidenced most clearly in Fairtrade’s ‘New Workers Rights Strategy’.

The article extends the fair trade literature by providing a systematic view of the development of Fairtrade International labour certification, complementing research on its small farmer initiative and illuminating the complex politics which have shaped both certification programmes. Challenging the assumption that recent processes of market mainstreaming account for large enterprises’ entry into fair trade, I show how labour certification emerged
in the 1990s through the same movement and market negotiations that created Fairtrade International and its smallholder initiative. Although their place was secured in Fairtrade's founding, large enterprises have remained at the centre of key struggles over the ideas and practices underpinning certification. Civic/relational based empowerment and industrial/market-based control arguments have been deployed by both those seeking to promote large enterprises and those seeking to ban them. My analysis explains major clashes between civic/relational and industrial/market conventions in the formulation of Fairtrade's labour strategy and the labour (as well as peasant) politics shaping this certification system. As I demonstrate, repeated conflicts over plantations and factories have forged the organisational parameters and trajectory of Fairtrade International certification and explain Fair Trade USA's withdrawal from the international system.

National labelling initiatives, small farmer cooperatives, social movement groups, NGOs, unions, labour activists, workers and consumers have all played important roles in shaping Fairtrade's periodically revised labour strategy. Although workers and allied groups have historically been marginalised in Fairtrade International, these groups are now represented in programme governance and involved in standard setting with their interests clearly embodied in certification policies. As I show, Fairtrade's ‘New Worker’s Rights Strategy’ reasserts the programmes’ founding civic and relational norms which are incorporated in the programmes’ new ‘beyond compliance’ empowerment approach to certification, living wage requirements, and pro-active support for unions.

This study makes important contributions to the broader literature on multi-stakeholder regulatory systems, cautioning against an overly structural deterministic understanding of certification programmes and their evolution. While my findings provide partial support for the institutionalist view that private regulations, like Fairtrade, which are founded to promote empowerment, come over time to incorporate elements of control to gain mainstream market acceptance and uphold bureaucratic certification, this evolutionary view obscures the normative foundations and dynamic character of multi-stakeholder systems. As I demonstrate, Fairtrade International has since its inception balanced civic/relational based empowerment and industrial/market-based control logics, working to uphold its alternative social movement principles while meeting conventional marketplace expectations. Although the programme’s empowerment principles have at times been overshadowed by market demands, internal and external stakeholders have insured that civic and relational priorities are not forgotten. Rather than succumbing to a logic of control, Fairtrade International has recently recommitted to its equity principles through a balancing of producer and labelling initiative influence in governance, integration of civil society stakeholders in defining its labour strategy, and promotion of civic and relational practices in its certification standards. It is by recognising the power of the normative foundations of institutions and of competing stakeholders to shape institutional priorities in nondeterministic ways that we can understand the trajectories of private regulatory programmes.

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Note on Contributor

Laura T. Raynolds is a professor of sociology and Co-Director of the Center for Fair & Alternative Trade at Colorado State University. She is the author of numerous articles and chapters on globalisation, food and agriculture, labour, social movements and alternative trade, and the editor of Fair Trade: The Challenges of Transforming Globalization (2007) and The Handbook of Research on Fair Trade (2015).

Notes

1. ‘Fair trade’ refers to multiple initiatives pursuing a common vision; ‘Fairtrade’ refers to the certification system governed by Fairtrade International.
3. See Raynolds and Bennett, Handbook of Research.
5. Auld, Renckens, and Cashore, “Transnational Private Governance.”
7. Two key limitations of this methodology are acknowledged: (1) documentary evidence can overstate the coherence and permanence of changeable organisational policies; and (2) it is far harder to document the positions of organisations in their formative years than after they are well established.
10. Auld, Constructing Private Governance; Cashore et al., Governing Through Markets; Locke, Promoting Labour Standards.
11. Fransen, Firms and Activists; Keck and Sikkink, Activists Beyond Borders; Newell and Wheeler, Rights, Resources.
15. Ibid., 109.
16. Ibid., 110.
18. Guthman, Agrarian Dreams presents the conventionalization thesis. Haedicke, Organizing Organic offers a reappraisal of this and subsequent conventionalisation studies.
21. Ibid. Boltanski and Thévenot call conventions based on trust ‘domestic’; I think ‘relational’ conveys the idea of trust better in English.
23. Thévenot, “Marchés aux Norms.”
24. Ponte, “Convention Theory” provides a literature review.
25. Raynolds and Bennett, Handbook of Research provides a comprehensive overview.
Market and Conventions”; Renard, “Small Farmer Cooperatives”; Renard and Loconto, “Competing Logics.”
30. Raynolds, “Mainstreaming Fair Trade.”
31. Clark and Hussey, “Certification as Oversight”; Renard and Loconto, “Competing Logics.”
32. Renard and Loconto, “Competing Logics.” See also Clark and Hussey, “Certification as Oversight”; Raynolds, “Social Regulation.”
33. Renard “Small Farmer Cooperatives.”
37. Besky, Darjeeling Distinction; Makita, “Tea Plantation.”
38. Frundt, Fair Bananas; Raynolds, “Fair Trade Flowers”; Raynolds, “Fair Trade Bananas.”
39. FINE, “Fair Trade Definition.”
40. See Raynolds, “Social Regulation.”
41. EFTA, “Fair Trade Yearbook”; TransFair, “Activities.”
42. To avoid confusion I use this group’s current name, Fairtrade International.
43. For a parallel participant’s view, see Thomson, “Unauthorised History.”
44. Coscione, Story of CLAC; Renard, “Quality, Market and Conventions.”
46. See Bennett, “Fairtrade Governance.”
47. See Thomson, “Unauthorized History.”
48. FLO, “Coffee Criteria.”
49. See Frundt, Fair Bananas; Lamb, “Fighting Banana Wars.”
50. FLO, “Generic Fairtrade Standards 2000.”
51. See FLO, “Fairtrade Fruits.”
52. See Bennett, “Fairtrade Governance.”
54. Coscione, Story of CLAC; Renard, “Small Farmer Cooperatives.”
55. See Anderson, History of Fair Trade; Raynolds, “Social Regulation.”
56. Green Mountain Coffee, Fair Trade USA’s largest licensee whose founder has long been on its board, was the corporate trader on Fairtrade’s board from 2004 to 2008.
57. A major 2003 FLO Forum session was devoted to competing coffee certifications.
58. Professionalising Fairtrade appears across the 2003 FLO Forum agenda.
60. FLO, “Strategic Plan.”
62. See Mutersbaugh, “Fighting Standards.”
63. Coscione, Story of CLAC.
64. CLAC, “Small Producers”; CLAC, “CLAC.”
65. Coscione, Story of CLAC; Renard, “Quality, Market and Conventions.”
66. FLO, “FLO Fresh Produce.”
68. FLO, “Strategic Plan.”
69. FLO, “FLO Fresh Produce.”
70. COLSIBA, “Recommendations.”
71. FLO, “Fairtrade Concept”; FLO, “Agenda.”
73. FTI, “Monitoring Seventh Edition.”
74. Ibid.
75. Frundt, Fair Bananas.
76. Besky, Darjeeling Distinction; Makita, “Tea Plantation.”
78. Some programmes represent little more than ‘green washing’ efforts. More confusing are those that incorporate some but not all of Fairtrade’s standards. In tea, Fairtrade competes with Rainforest Alliance, Utz Kapeh and Ethical Tea Partnership. See Loconto, “Sustainability Performed.”
79. COLSIBA, “Recommendations.”
80. Frundt, Fair Bananas.
82. FLO, “News Bulletin January.”
83. Quigley and Opal, “Fair Trade Garments”; MSN, “Garment Industry.”
85. ILRF et al., “Letter to TransFair USA.”
86. FT USA, “Two-Year Apparel Pilot”; Bair et al., Worker’s Rights reviews garment labelling debates.
87. ILRF, “Missed the Goal.”
88. FLO, “FLO Commends ILRF.”
89. Barrientos and Smith, “Do Workers Benefit.”
90. Compa, “Workers’ Rights.”
91. Raynolds, “Social Regulation.”
92. FT USA, “Fair Trade for All.” For a convention-based analysis of this split see Raynolds, “Social Regulation”; for an institutionalist view see Auld, Constructing Private Governance.
96. See Frundt, Fair Bananas.
97. See Anderson, History of Fair Trade; Bair et al., Worker’s Rights.
98. FLO, “Working for Workers”; FTI, “New Workers’ Rights Strategy.” WRAC included Fairtrade Ireland throughout, Network of Asian Producers replaced by Fairtrade Foundation, and Max Havelaar Switzerland with Fair Trade USA, then alone.
100. FLO, “Project on Workers’ Rights.”
101. FTI, “Fairtrade International Announces”; FTI, “Consultation Results.”
104. FTI, “Bolsters Support for Workers.”
105. FTI, “Consultation Results.”
106. FTI, “Minutes Meeting 59.”

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