What does a fair trade logo actually mean?

Churches that support the movement should confront the gap between its vision and its accomplishments.

by David Mesenbring in the December 18, 2019 issue

Logos for (from left to right) Fairtrade America, the Small Producers' Symbol, Fair for Life, and Fair Trade USA. Coffee beans photo by Anthia Cumming / E+ / Getty.

At a 2007 craft fair in Seattle, I found a vendor selling olive oil from the Holy Land that he called "fair trade" Peace Oil. I asked why the label on his bottles carried no service mark certifying compliance with fair trade practices.

"Too expensive!" he replied. "Anyway, who are they to decide what's fair? We offer good jobs!"

I wondered if he was volunteering for a Palestinian-led enterprise or representing an Israeli business that employed workers uprooted to expand Jewish settlements. The church hosting this craft fair was well known for its Palestinian advocacy, so the vendor sold lots of oil that weekend, none of it to me.

Today, an ever-evolving international fair trade movement makes it hard to know what standards are being certified by which mark. Worse still, research suggests fair trade isn't rescuing farmers in the Global South who are struggling to survive the rapacious forces of global markets. In fact, fair trade's biggest winners might well be the consciences of its consumers, along with retailers and movement promoters.

Most fair trade enthusiasts date the movement to the late 1980s, when sales volume grew dramatically by focusing on agricultural commodities, chiefly coffee and chocolate. Before then, the sale of handicrafts was the movement's sole means of providing a more direct link between artisans in the Global South and church-based activists in the Global North seeking to enhance the livelihoods of impoverished producers. In addition to offering small farmers a guaranteed price, fair trade activism forged international cooperation to certify that products licensed with the fair trade mark had been produced in accordance to a defined set of labor, trade, environmental, gender equity, and governance standards.

At first, coffee and cocoa fair traders focused exclusively on cooperatives of small- to medium-sized farms. This sector was threatened by free trade agreements benefiting plantation-based agribusiness. Cooperatives don't usually include the “poorest of the poor,” as some fair trade enthusiasts claim. Rather, co-op members are self-employed entrepreneurs struggling to compete against plantations that hire landless laborers. The world's poorest are both landless and jobless.

In 1988, a Dutch ecumenical agency sponsored the world's first fair trade coffee certification. The Max Havelaar mark borrows its name from a novel whose hero exposed the exploitation of coffee pickers in 19th-century Dutch colonies.

The movement spread quickly as labeling initiatives emerged in other countries, especially in Europe. By 1989, an international alliance of producers, importers, retailers, exporters, and other networks formed what became the World Fair Trade Organization. The WFTO's Ten Principles of Fair Trade codify a generic version of the movement's values, including creating opportunities for economically disadvantaged producers, transparency and accountability, and fair trading practices.

The WFTO registers organizations, not products, which are entitled to use its FTO mark. Enlisting a broad range of organizations with disparate commercial interests and ethical orientations, the WFTO's principles have been softened in some cases by adding phrases like “to the extent possible” to make them more palatable to its diverse members.

It’s hard to stay abreast of fair trade’s ever-evolving standards of certification.

Product certification, however, is different. Throughout fair trade’s 30-year history, proponents in the Global North have been refining certification standards: deciding what factors constitute democratic governance, which parts of a supply chain should be monitored, and by what process farmer compliance can best be certified. The list of products involved has steadily expanded to include more agricultural commodities as well as household, health, beauty, and body care products, seafood, snacks, clothing, soccer balls, and more.

During the movement’s first decade, an international consensus gradually emerged to centralize responsibility for certification among the various national labeling initiatives. Fairtrade Labeling Organizations International (FLO) was born in 1997. Based in Europe, FLO did not give farmers from the Global South any governance authority, an issue that is still contentious. Even though producers have gradually gained a larger voice in FLO’s operations, some eventually opted to establish a mark under their own control.

In 2009, FLO divided itself into FLOCERT and Fairtrade International. FI remained a nonprofit with responsibility for defining certification standards, while FLOCERT became its for-profit arm, monitoring producer compliance in 50 countries in Africa, Asia, and Latin America. The two organizations have always been at the center of sometimes fierce debates over what constitutes fair trade.

Issues up for debate include labeling for a chocolate bar when the cocoa beans and sugar are fair trade certified but not its nuts, or what percentage of a large agribusiness’s coffee blend should be fair trade to warrant a certification and whether that licensee must commit to steadily increasing this percentage every year.

Historically, fair trade’s single most contentious issue concerns whether to certify plantations and for which products. As the movement’s popularity grew among consumers, corporate agribusiness wanted to cash in, dividing activists who remained committed to small farmers from those who argued that plantation workers also need fair trade’s help in improving working conditions. Also at stake, of course, was the allure of larger licensing fees.

I was an early adopter of fair trade. Prior exposure to rural poverty in Africa had sensitized me to the plight of farmers in the global economy. Searching for a fair trade logo on my purchases of coffee and chocolate made me feel generous—as though I had sacrificed a bit of my economic interest to improve the lives of poor farmers. Convincing an entire congregation to sell fair trade goods during its coffee hour multiplied that generous feeling.

My faith in fair trade began to crack a few years after the Seattle craft fair during travel to Nicaragua, where I met the executive director of a 1,300-member association of rural coffee farmers. I raised the subject of fair trade, fully expecting him to appreciate my interest.

He sighed before averting his eyes. He'd met my kind before and knew what I wanted to hear. First, he mentioned the high cost of getting certified. Not until that very moment had I ever considered how the certification process is financed. He referred to the "nice lady" who regularly travels from England to audit his association's compliance. She earns a salary more typical of England than Nicaragua. Her monitoring involves examining governance documents and member communications before heading out to visit some farms. The association's members are widely scattered throughout a mountainous region etched with very bad roads.

Only a tiny fraction of the price of fair trade coffee makes it back to the producers.

"She can't visit them all," he told me. "We help her pick some that are both accessible and likely to pass inspection."

I was shocked by his lack of enthusiasm for fair trade as well as his evidence that the certification process is necessarily more sporadic than comprehensive. I'd never considered how much fair trade status costs farmers, nor the logistical impossibility of inspecting every small farm. In fact, I'd never given any thought at all to how compliance gets monitored.

What I heard next further jolted my idealistic vision of fair trade. "We use fair trade contracts to sell as much of our crop as we can," he said, "but the rest goes to conventional markets that pay less."

He's not alone. Fair trade's higher premiums have attracted more growers than buyers. It promises a higher price per pound when sold as fair trade but there's no guarantee that buyers will be willing to pay that price. In fact, only 28 percent of all coffee produced and certified as fair trade actually gets sold at the premium price. Rather than letting the rest of their crop rot unsold, farmers turn to the conventional (i.e., non–fair trade) market.

Corporate agribusiness coffee buyers would rather deal with a few large plantations than dozens of small cooperatives. I learned that fair trade coffee sales have risen dramatically over the past decade. But this figure includes sales to plantations where owners reap both an economy of scale and the guaranteed higher sales price which they are not required to share with their employees.

“Coffee growers are poor because there is too much coffee,” wrote Victor Claar, a Christian economist in *Fair Trade? Its Prospects as a Poverty Solution*. The book focuses solely on coffee, which has long been the movement’s flagship commodity and still accounts for half of all its sales. Claar asked whether fair trade “can deliver on its promise to enrich the lives of the poor.” He concludes that the promise of the movement is undermined by the complex dynamics of international trade.

He and other economists say price guarantees without limits on production are a prescription for oversupply. Coffee’s retail earnings have climbed, but the raw commodity is being sold at prices as low as they were back when fair trade started 30 years ago. These increasing profit margins are not benefiting the small-scale producers.

Some farmers do benefit from fair trade, as when a co-op’s fair trade sales outweigh its initial investment and are proportionately shared among member producers. People also benefit when ambitions for gender equity are rigorously pursued, principles of democratic governance get nudged forward, and labor conditions broadly improve.

However, numerous researchers have concluded that only a tiny fraction of the premium consumers pay for fair trade coffee actually makes it back to producers. Bruce Wydick, an economist at San Francisco State University, directed a study of how much more consumers are willing to pay for a cup of coffee that is fair trade certified. Surveying some Berkeley shops that offer both fair trade and conventional coffee, they found that customers would pay a premium of up to 50 cents. Of that amount, they calculated farmers receive about one-third of one cent. The remainder goes to the shop owner and others along the supply chain.

People who roast coffee and others along its retail chain in the Global North are paid at rates in line with the cost of living where they live. So are the staff of organizations that certify fair trade applicants and license use of its marks. These are often fair trade's strongest advocates—and they must also be counted among its beneficiaries. They deserve credit for its growing popularity among consumers. But why hasn't that been more beneficial to farmers?

Karl Marx predicted that capitalism would alienate consumers from producers by commodifying the goods buyers acquire. Purchasing goods instead of bartering for them with your neighbor obscures the welfare of the producer and the reality of mutual interdependence. Because fair trade imagines itself as rallying consumer support for producers, Gavin Fridell at Trent University in Ontario calls it "a symbolic challenge to commodity fetishism."

In a 2007 article, Fridell argues that fair trade has a very limited ability to challenge "capitalist imperatives of competition, accumulation, and profit maximization" (see "Fair Trade Coffee and Commodity Fetishism: The Limits of Market-Driven Social Justice," *Historical Materialism*, 2007). Fair trade's "symbolic challenge to commodification," he says, "has in itself become a commodity to be bought and sold on Northern markets."

Many analysts who are skeptical about fair trade's ability to change the global trading system argue that it still educates consumers about inequities inherent in global trade. I'm skeptical. Marketplace brands that declare themselves "fair" and "ethical" may or may not define what that means, without ever communicating those details to customers. It's never been easy for consumers to learn much about fair trade's ever-evolving standards of certification. In the wake of proliferating new certification marks, it has become more difficult than ever.

Fair trade does help some producers. But the biggest dividends go elsewhere.

Gone are the days of a single fair trade mark. In recent years, competing new marks have appeared in Europe and North America. Now, even veteran fair trade consumers are clueless about what differentiates Fairtrade America, Fair Trade USA, and Fair for Life. Each mark represents its own set of highly technical certification standards, illustrating the prescience of that Peace Oil vendor's retort: "Who gets to decide what is and isn't fair?" What happened?

Soon after FLO was born, Transfair USA became its official representative in the United States, exclusively brokering the only available fair trade mark. Yet, as Daniel Jaffee and Philip Howard report, Transfair USA soon departed from some norms characteristic of the global movement (“Who’s the Fairest of Them All: The Fractured Landscape of U.S. Fair Trade Certification,” *Agricultural Human Values*, 2016). Unlike its international partners, Transfair USA evolved a hierarchical structure of administration, with “considerable power” in the hands of its CEO. This marginalized the activist-oriented civil society groups, members of which were typically found on the boards of its sister organizations in Europe.

Transfair USA sparked controversy at home and abroad by advocating that certification standards should be expanded to plantation-based agriculture. Critics argued this would erode the movement’s historic support for small producers. Eventually, however, FI/FLO adopted its US affiliate’s strategy to reach larger masses of consumers by mainstreaming distribution channels. The prevailing logic was that winning even a small percentage of corporate agribusinesses’ purchasing power could dwarf the sales volume of smaller “movement-oriented” distributors. Perhaps they also had the higher licensing fees in mind.

Transfair USA’s monopoly on fair trade labeling ended in 2006 when a Swiss organic certifier, the Institute of Marketecology (IMO), brought its Fair for Life mark to the US. One strength of IMO’s certification standards, according to Jaffee and Howard, lies in its audit of the entire product supply chain, including labor practices of producers, buyers, and retail brand holders. But other Fair for Life policies generated concern, such as its willingness to certify products sourced in the Global North.

With the rise of competition, it wasn’t long before Transfair USA, FI/FLO, and Starbucks jointly announced new certification cooperation that would double Starbucks’ fair trade purchases in 2009, making it the world’s largest buyer of fair trade coffee.

In 2011 Transfair USA left the FI/FLO system, rebranding itself as Fair Trade USA and launching a new mark the following year. Its “fair trade for all” campaign argued that laborers on plantations and other unorganized farms were in need of the improved working conditions certified by fair trade. Many activists were unconvinced, and FI/FLO quickly followed with another new mark called Fairtrade America.

Today, virtually no consumers have learned to distinguish between Fair Trade USA and Fairtrade America. Amid such confusion, Fair for Life's mark is thriving. With consumers clueless about which mark certifies what standards, wholesalers are free to shop for a license that best matches their respective needs and values. While there are important differences among the major marks, all three have attracted both movement- and profit-oriented companies. Jaffee and Howard write that Fairtrade America's partner, FI, accords some governance representation to its organized small-producer representatives, while Fair Trade USA does not. The latter certifies some plantation-based commodities (e.g., coffee, cocoa, sugar, cotton, rice, and honey) that are excluded by Fairtrade America's emphasis on small producers.

Fair Trade USA has more flexible standards governing the plantation-based committees that allocate fair trade's 20 cents/pound dividend for community projects. It mandates only "labor and management representation" while voting rights on Fairtrade America's committees are solely reserved for labor representatives. None of these fair trade marks obliges plantation owners to share its higher sales premium with wage laborers. But how many consumers know anything about that when purchasing their coffee or chocolate?

Each mark sets proprietary standards for when and how it can be displayed on product labels. Fair for Life requires the highest minimum percentage of fair trade certified products and further mandates that retailers list this percentage on the label. Jaffee and Howard conclude that Fair for Life has "the strongest labeling and ingredients policies of the four."

The label wars spread farther when yet another new mark emerged in 2012. This one was born of tensions concerning the representation of small-producer organizations within FI/FLO's governance. Imbalanced power dynamics have been intrinsic to North-South relations ever since race evolved as a social construct. In 2016, I asked an FI staffer to name one cutting-edge example of her organization's evolving development. She cited efforts to increase the decision-making role of producer partners from the Global South. That was four years after the Small Producers' Symbol (SPP) had emerged from a decade of efforts by CLAC, the Latin American and Caribbean Coordinator of Fair Trade Producers.

The SPP is the only farmer-led fair trade certification, and its presence means the Global South finally has a mark of its own. It represents only small producers, no plantations. Of all fair trade marks I've studied, SPP seems to me the one most closely associated with the movement's original goals. It's also the one most difficult to find on store shelves, even in progressive Seattle.

The fracturing of certification marks didn't stop there. New labels appear on the packaging of coffee and chocolate faster than I can track. Some are variants of a parent mark that signify a lower percentage of certified ingredients.

"Weaker certifications may still have significant positive impacts," write Jaffee and Howard, "if the implementing organizations are large and the volumes of production they apply to are high." While that may be true, it was certainly not fair trade's original vision. Amid the growing practice of certifying global agribusiness products that contain only a small percentage of fair trade ingredients, does it really matter what kind of "fairer world" mark consumers look for?

The answer, according to the Fair World Project (FairWorldProject.org) is yes. As certification standards shifted to accommodate the interests of larger retail brands, some activists in the US worried they had seen this movie before—when the standards for defining organic agriculture were diluted. FWP was formed to educate consumers and promote accuracy in labeling, using a movement-oriented perspective on fair trade. Its "Reference Guide to Fair Trade and Labor Justice Programs" (available online) concisely deciphers the confusing array of complex certification schemes operative among competing fair trade marks.

Christians can be rightfully credited with helping initiate and build the fair trade movement. But we are overdue in critically reviewing its evolution. Our motives are good: to boost benefits for those producing the goods we buy. But how much of that actually happens? How do we fairly consider that question given the distance—cultural, economic, and geographic—between producers and consumers?

Dedicated fair trade buyers believe these barriers are why the movement is needed: to certify better pricing for farmers, while improving their social infrastructure, working conditions, governance, and environmental practices. But after 30 years of the fair trade movement, how much has really changed? A June 11 article in the *Washington Post* attributed coffee's lowest prices in 30 years to the increased volume of coffee emanating from Brazil and Vietnam. Combined with the impact of climate change already debilitating Central American coffee farmers, the article links the growing desperation of coffee farmers to migratory pressure on the US's southern border.

The ideals of fair trade are simply no match for the complexities of international trade. In his book *Help: The Original Human Dilemma*, Garret Keizer wrote: “Feeling good about what you’re doing is no guarantee that you’re doing any good.”

I still buy fair trade products, although not as religiously as before and certainly with less feeling of self-righteousness. There is no question fair trade offers some benefits to producers, with some farmers benefiting more than others. But the biggest dividends go elsewhere: to product retailers, Global North–based promoters, and especially to the consciences of consumers.

Claar’s book likens fair trade to a kind of charity. Our culture prefers lauding charitable claims over measuring the results. Churches that have built the fair trade movement should also account for the gap between its vision and its accomplishments.

A version of this article appears in the print edition under the title “How fair is fair trade?”