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Articles

# Who decides what is fair in fair trade? The agri-environmental governance of standards, access, and price

Christopher M. Bacon

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and environmental criteria, among the best deals available. The smallholder

empowerment benefits are often better than competing eco-labels. However, this study finds that Fair Trade minimum prices lost 41 percent of their real value from 1988 to 2008. Despite objections from several ‘market driven’ firms and national labelling initiatives, smallholders' collective advocacy and this research contributed to the Fairtrade Labelling Organisations International's (FLO) decision to mandate a 7–11 percent minimum price increase. The price debates demonstrate that Fair Trade governance is neither purely neoliberal nor social movement led – it is a highly contested socially embedded practice. Voices without votes, North–South inequalities, and dwindling prices paid to its stated protagonists indicate the need for governance reform, cost of living price adjustments, and additional investment in the innovative alternative trade and hybrid models.

Keywords:

- fair trade
- eco-labels
- environmental and agricultural governance
- standards
- sustainability
- Karl Polanyi

## Notes

- <sup>1</sup>There are two main types of capital ‘F’ and ‘T’ refers to financial capital. There is also the ‘T’ for trade. Fair trade movement is a social movement. Fair trade organisations may not have a financial capital.
- <sup>2</sup>I spent some time on research projects.
- <sup>3</sup>I define the processes of development, organisations, agri-food system.



<sup>13</sup>For a more comprehensive history of pioneer fair and alternative trade organisations, especially those in Western Europe, see (Raynolds et al. [2007](#), Brown [1993](#), Low and Davenport [2005](#)).

<sup>14</sup>Rosenthal writes, 'Many ATOs were against the labelling. They saw it as a sell-out and a threat. They didn't want to give up the alternative distribution that altern trade had developed and didn't want to compete with mainstream folks who were mostly selling conventional coffee. TransFair was formed in some ways in reaction to Max Havelaar as a way to control labels and not be overrun by them. TransFair wanted to have a global approach (germanic) and Havelaar wanted a bottom up each country do their own thing (Dutch approach)' (Rosenthal 2009b).

<sup>15</sup>Fair Trade Labelling Organisations International. <http://www.fairtrade.net/>[Accessed May 2009].

<sup>16</sup>The definitions for solidarity economies, social economy, and corporate social responsibility are based on an unpublished concept piece developed with Peter Utting.

<sup>17</sup>Most alternative trade organisations have occasionally relied on more mainstream corporations for credit, shipping, and/or insurance. However, the presence of credit unions, increasing capitalisation within Alternative Trade Organisations (ATOs), and the rise of social finance have meant that many ATOs have moved away from corporate credit. It is not clear how much of this is due to the availability of credit, or if it is not necessarily a result of a shift in the nature of the business.

<sup>18</sup>One difference between the environmental and social movements is also a difference in their business models. The environmental movement is based on a model of social justice vs. profits. The social movement is based on a model of social justice vs. profits.

<sup>19</sup>Fair Trade has been successful in the area of social justice, but it has not been successful in the area of social justice. Fair Trade has been successful in the area of social justice, but it has not been successful in the area of social justice.

<sup>20</sup>There have been many successful exportations (e.g. Fair Trade coffee) despite the complaints and export capacity within the local Fair Trade smallholder

cooperatives. The complaints and dispute resolution mechanisms for this unfair competition within Fair Trade as well as direct corporate bad practices appear to be underdeveloped and relatively ineffective. At the request of the CLAC, FLO has commissioned a study on the topic.

<sup>21</sup>I used a September 2008 figure for this conversion.

<sup>22</sup>This is because they fixed the prices and terms of their contracts with the importers and roasters prior to the price spike and thus were unable to take advantage of the high prices in conventional market. One seasoned peasant leader of an innovative Fair Trade cooperative in Nicaragua remembers this time period well, and what they called Comercio Equitativo or equitable trade. Although this only lasted for a short period of time, they saw this as a time in which the farmers and cooperatives were sharing the risk and baring the costs with the buyers. The history of this shared risk is much longer than this and includes that fact that many of the first containers were sold to solidarity buyers long before cooperatives and farmers received payment. In fact, cooperatives still do not receive payment for their coffee until it has been shipped, which could be more than six months after they harvest their coffee. The stakes of the risks are also significantly higher among the producers since coffee is generally the most important source of monetary income and a core component of their livelihood strategy.

<sup>23</sup>See [ht](#)

<sup>24</sup>In fact, the Fair Trade board's expenditures for Fair Trade coffee prices in

<sup>25</sup>Representatives of the Fair Trade board meeting gained a seat on the Board of Fair Trade? A Southern organisation of the Fair Trade sy



A large, faint, light gray circular graphic with a dark gray border, containing a stylized white and gray circular design with small green dots, resembling a cookie or a planet. This graphic is centered on the page and serves as a background element for the text.

<sup>33</sup>The RA has partnered with Kraft Foods (owners of Maxwell House) to ‘take sustainable coffee mainstream’ since 2003. Kraft moves an estimated 20,000 tons of RA certified coffee and is a major donor to RA. They also have a former CEO on the RA board of directors. See Rainforest Alliance ([2009](#)) and Kraft Foods ([2009](#)).

## Additional information

## Notes on contributors

I thank the S.V. Ciriacy-Wantrup Postdoctoral Fellowship. I am also grateful for the excellent comments from two anonymous reviewers and

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